





LOMBARD

Rivalry over youth unemployment

BY MICHAEL DIXON

"AN ANOMALY"—says a time-honoured union maxim about pay-bargaining—"is a differential you want to remove. A differential is an anomaly you want to introduce." The maxim applies to the coming argument in the Cabinet over the Manpower Services Commission's "Hand Report" proposals to counter expected unemployment among teenagers by providing training courses and quasi-work projects for an annual throughput of about 234,000 people aged 16 to 18. The estimated effect on public expenditure would be to increase the £108m. gross cost annually of the present programme of measures to some £168m., although the net cost after deduction of savings in social security benefits is put at only £58m.

TUC support

The Prime Minister and a majority of his colleagues are understood to support an increase in the counter-measures. Moreover, such action is favoured by the Trades Union Congress and the Confederation of British Industry, each of which has strong representation on the appointed body which directly governs the Manpower Services Commission. The argument in the Cabinet will therefore not be about whether an increase is made, but about what form it should take. Here a contentious issue is the commission's proposal to pay, when to travel allowance is included, £18 a week to those who take part in the new schemes. If seen this way as a differential payment needed to persuade youngsters to join the programme, rather than remain simply unemployed, other normal government departments, however, view this proposed payment as an anomaly. The Department of Health and Social Security has shown concern that the normal level of social security benefits for single persons look inadequate (a non-householder over 18 receives supplementary benefit of just over £11 a week). But the ruling share of the national product provided by the Government for State educational activities. But the actual reductions have been greater than central government intended because the Education Department has shown a direct that the money provided must be spent on education by the local authorities, many of which have diverted some of the funds to other purposes. A particular source of the extra reductions has been the further education sector of

technical colleges and suchlike, which mainly provides courses at sub-degree level for youngsters who have left compulsory schooling, including many programmes designed to prepare people for working life. Short of funds from the education budget, the colleges have turned to the Training Services Agency arm of the Manpower Services Commission which, as the Government's most prominent remedy for unemployment, has had plenty of money at its disposal. Having lost territory in this way, the Education Department is more inclined to see the commission's £18-a-week proposal as a dangerous anomaly. Being available to youngsters from the age of 16, it could act as a powerful inducement for them to join the newly proposed schemes rather than stay, almost entirely without payment, at school. Over the past few weeks, therefore, Mrs. Williams has been gathering together a plan to counter the differential proposed by the Holland Report. The plan will be presented as an educational complement to the commission's scheme, but it has been applied as a competitor for some of the £68m. gross increase in public spending which the Holland Report envisages. A major part of this plan will apparently be to pledge to institute grants as of right, instead of at local authority discretion, to further education students, thus ending their long-standing disadvantage by comparison with degree courses at universities and polytechnics. In arguing this, Mrs. Williams would seem open to the charge that the Education Department has long had the option of making this change, but instead—only last December—has adjusted student grants so as to considerably increase the advantage enjoyed by degree students.

Precedent However, the Education Secretary's weakest point in seeking funds to develop appropriate courses in further education is her lack of ability to guarantee to her Cabinet colleagues that the local authorities will spend the money in the way intended. She will doubtless try to overcome this by arguing for the Cabinet to set a precedent by allowing her to earmark the funds concerned for spending as she directs. But this step would bring into opposition the local authority associations. So unless the TUC—to which the main teachers' unions are affiliated—were to put its influence solidly behind the educational counter-plan, the Cabinet decision seems likely to go for the most part against Mrs. Shirley Williams.

RACING

Monseigneur for the Derby with Caporello each way

IN THE BELIEF that there are too many uncertainties concerning Blushing Groom in a Derby with which stamina and jockeyship will be at a premium, I intend taking a chance with fellow-French-raised Monseigneur. This handsome Graustark colt owned by one of international racing's luckiest owners, San Antonio businessman Mr. Arthur Seigelson, came right back to his best two-year-old form last time when easily landing Longchamp's Prix de Salettes. At the back of the seven-runner field in the early stages of that one-mile-21-furlong event, Monseigneur only began to pick up ground approaching the two-furlong marker. Producing a remarkable late burst of speed, the Francois Boulton-trained colt, aged past General in the final 100 yards and won by one-and-a-half lengths from that rival, from whom he was receiving 7 lb. Although General, winner of last year's Prix Thomas Bryon, is clearly not the top-class colt he was once considered, the manner in which Monseigneur won could not be faulted. Furthermore, Seigelson has already won over today's one-mile 110 yards trip, having defeated Lady Rhaphody by half a length in the Princess Elizabeth

BY DOMINIC WIGAN

Slakes. I doubt her coping with either Relkino or Duke Ellington. The last named, a particularly game winner (from Boldboy) of the Victoria Cup, will probably start favourite on the strength of that victory. For me, the form does not quite match Relkino's Lockinge Stakes victory over Jelby. I take the West Irish four-year-old to come out on top. For best bet of the day, I turn to Edna's Choice who fifthly failed to last the trip when falling back rapidly to finish fifth behind Golden Libra at Newbury last time out. Brian Swift's brilliantly fast So Blessed soil is surely expected to return to winning form in the opener, the five furlongs Great Surrey Stakes, in which I shall be surprised if any of the other runners get in a blow. In the other juvenile event, the (furlong-longer Woodcote Stakes, I may pay backers to rely on Golden Libra, who, since landing that Newbury prize, has finished in three quarters of a length runner-up to Embos in the Parthia Stakes at Lingfield. A year ago, Golden Libra's partner, Piggett, rode the strongest colt in the event, this time when getting Mr. Nice Guy up in the final stride to pip Mandulus in the corresponding event.

EPSON

- 2.00—Edna's Choice\*\* 2.35—Silim Jim 3.35—Monseigneur\*\* 4.20—Golden Libra 4.50—Relkino\*\* 5.25—Private Line\*

happy if the Pat Eddery-ridden Lady Mere can overcome stiff opposition in the Diamond Stakes. Two days ago, this smart and consistent filly was made to look very ordinary by Piggett's Oaks mount, Durtal, in a work-out on Lambourn Downs. Although Lady Mere has already won over today's one-mile 110 yards trip, having defeated Lady Rhaphody by half a length in the Princess Elizabeth

SOCCER

Wales first Wembley victory

WALES recorded their first-ever victory at Wembley last night with a 1-0 win over England, the first time they have beaten England since the 1950s. On this performance they could well capture the British Championship. Despite their limited resources, both in finance and players, Mike Smith, their manager, has produced a very good side, which is perhaps better illustrated by their 3-0 win over Czechoslovakia. This could still provide them with more opportunity to qualify for the World Cup than last night's match.

BY TREVOR BAILEY

the two sides was that the Welsh understood the strength and weaknesses of each other, whereas England were still searching for the understanding absent from their performances in this very disappointing season, that does not bode well for the immediate future. The first half belonged almost entirely to Wales. England, of late guilty of missing chances, could not be blamed on this occasion as they failed to create one scoring opportunity. Their front-line of Keegan, Channon and Pearson could make no impression on a solid back line, and in midfield only Brooking seemed able to find the missing link.

In sharp contrast Flynn, Yorath and Mahoney produced fine passes for their three front-runners. Sayer had two opportunities and Deacy might have scored had he not been offside. The Welsh lead came from a penalty, 12-25, when Don Hughes had both hesitated, the

former brought down L. James, who scored from the spot just before the interval. In the second half Phillips, who scored his only goal in the first, was replaced by D. Roberts, making a difference to their back line. In the opening minute Keegan was only just wide with a header, but there was an altogether more determined look about England. They continued to pressurise Wales, who began to make mistakes. The home side were desperately unlucky not to be awarded a penalty when the keeper brought down Pearson after an unwise back pass by Yorath. England refused to be upset at what appeared an injustice, and showed courage and skill in passing the ball to the interval, which totalled £194,573. Other good prices were £11,000 for the same casket at Christie's in 1985 and the pre-sale estimate of £14,000-£16,000.

GARDENS TO-DAY

When azaleas must be admired from afar

BY ROBIN LANE FOX

IT WOULD BE perverse not to pay respects to the azaleas and rhododendrons in the weeks in which most of them are at their best. Most of my youngish lady who claims to have read this column "persistently" writes to remark that I am welcome to all the orange blossom, alstroemeria, rugosa roses and hybrid lilacs which I have caught my attention over the years, as long as she can continue to enjoy only one border in her garden, untroubled by gardening columns. She suffers from hay fever, likes Ascot, Wimbledon, the Test Match and a month's holiday in the Greek Islands; farmers, she feels, are welcome to the countryside in winter. So she has packed one side of the garden with bigger clumps of euphorbia and magnolia. These are for spring and September. The other side, her favourite, has two azaleas, Falastina (white) and Beethoven (lavender), massed as the main plants in front of shrubs dominated by our old friend the white-variegated dogwood (Cornus alba 'Variegata'). So she writes, and as far as she is concerned, she can forget it for the rest of the year as long as the village has enough men on night-shift who are willing to mow her lawn for 60p an hour on Monday mornings.

Envy, of course, turns me as green as a bunch of Bells of Ireland. I say no more about the mowing. As for the azaleas, I am unable to grow them in my limey soil and would not feel that they belonged in such a garden as if I dosed them with Murphy's Sequestrene. This powder, incidentally, does live up to the claims made on its behalf. As long as you apply it throughout the year, it will overcome the deficiency of the trace elements in the soil which lime house mowers molest for the next eight years, I would suggest that you look for a grass you bank or a rough area of grass in which a space some six feet wide can be kept clear for Lanarth in its early years. The variety called Marietta is smaller, if sold under its name. It is equally good. The Royal Nurseries, Me Somerest are also selling a pink-flowered version of it which seems to me to be able for new gardens. A soon spreads horizontally grows that shape for which we call it 'sea-wallow' in yucca the like. I detested the azaleas in fr these Viburnums, I return shrub which has grown over the years. The variety 'Woodstock' could serve me, as I indeed does serve me, as a reader on her acid Country soil. But the golden-leaved orange blo contrasted with clumps of and aquilegia is almost equal, in a different style, to two fine azaleas. Why do all mass a clump or two of brightly leaved shrub in parts of the garden which is good soil but not the boldness of the sun? The sort of place, where azaleas would thrive in a different degree of lime: is the site for the golden-leaved azaleas, some three high and four feet wide. Its greenish-yellow, then yellow leaves are delicious in spring and early summer. It is split up, quite easily. Rum has it that it can be said to 'awaken', I suspect, in its sterile dogma, begun in its handbook's entry. If you pl it in full sun, you will not find, have the best of it, nor it flourish in a thin soil. E where, mass it like some, I than azaleas and tell you that the yellow-green leaves: far more subtle than a bank yellow azalea. In June, when azaleas are gone, this orange blossom is thick with small white flowers, indeed sweet-scented.

Half-shaded

This week, I am admiring a six-year old specimen, now seven feet wide and five feet high. No parts of the garden which is good soil but not the boldness of the sun? The sort of place, where azaleas would thrive in a different degree of lime: is the site for the golden-leaved azaleas, some three high and four feet wide. Its greenish-yellow, then yellow leaves are delicious in spring and early summer. It is split up, quite easily. Rum has it that it can be said to 'awaken', I suspect, in its sterile dogma, begun in its handbook's entry. If you pl it in full sun, you will not find, have the best of it, nor it flourish in a thin soil. E where, mass it like some, I than azaleas and tell you that the yellow-green leaves: far more subtle than a bank yellow azalea. In June, when azaleas are gone, this orange blossom is thick with small white flowers, indeed sweet-scented.

SALEROOM

Record price for Limoges box

AT CHRISTIE'S yesterday a record price of £21,000 (plus the 10 per cent. buyer's premium) was paid for a Limoges enamel gilt metal casket made by Jean Ponceau in the mid-16th century and decorated with carved shells. The price compares with the £199 10s paid for the same casket at Christie's in 1985 and the pre-sale estimate of £14,000-£16,000. The casket was the top price service sold for £1,900 to Maureen Thompson, while the German dealer, Field Hubner bought a statuette of the Venus Marina from the Campagna workshop for £4,900, and Shepard and Cooper acquired a Limoges enamel vase by Pierre Courty for £4,200. In a sale of English and Continental glass, which totalled £26,568, a large cut-glass table service sold for £1,900 to Maureen Thompson, while the German dealer, Field Hubner bought a statuette of the Venus Marina from the Campagna workshop for £4,900, and Shepard and Cooper acquired a Limoges enamel vase by Pierre Courty for £4,200. In a sale of English and Continental glass, which totalled £26,568, a large cut-glass table service sold for £1,900 to Maureen Thompson, while the German dealer, Field Hubner bought a statuette of the Venus Marina from the Campagna workshop for £4,900, and Shepard and Cooper acquired a Limoges enamel vase by Pierre Courty for £4,200.

BY ANTONY THORNCROFT

Fokker chief urges U.S. to be less aggressive

BY DAVID CURRY

AN APPEAL to the U.S. aerospace industry to abandon its "aggressively acquisitive stance" towards world aviation markets was made by Mr. Alan Bailey, president of Fokker-VFW Intercontinental, at a meeting in London. Taking as his text the report on aviation published by the Aviation and Transportation Sub-Committee of the Committee on Science and Technology of the U.S. House of Representatives, Mr. Bailey criticised the assumption that the U.S. must remain pre-eminent in the world market, and met even challenge the attempt of the Europeans to develop their share of the European market. "It all sounds rather like a U.S. national emergency, until one realises that one of today's 90 per cent-plus market share," he commented.

PARIS, May 31

The dangerous illusion that energy abundance might return had to be dispelled. Manufacturers must offer safer and functional equipment while airlines had to revise their purchasing policies. The problems of general aviation were raised by Mr. R. Smith, managing director of C-Aviation. A quarter of world airports were not yet open for general aviation air operation, he said. Last chairman of British Aerospace, said that establishment of two operating groups, an air group and a dynamics group within the state-owned company would be achieved earlier than had thought possible. Each group would have its chairman and chief executive. Responsibility would be contracted to these units. The decline factor in collaboration at least by avoiding undue competition. The theme of protecting Europe's technological skills was also evoked by M. Bernard Lathière, president of Airbus Industrie. He spoke of the danger of Europe being outclassed in technology by the U.S. and underdog in manpower by the Third World. He noted that Europe provided only 2 or 3 per cent of the world aircraft market, yet constituted a quarter of that market. Priorities for the Airbus were the development of a long-range version of the B4, the offering of the B4 with alternative engines, and the development of new versions including the B10 shortened 300-seater, the very-long-range B11 and the 300-seater B5, he added. The prospect of further regulation of airline operations because of the increasing problems of both land use and crowding of airports was evoked by M. Marcel Cavalle, French Minister of Transport with responsibility for the aviation industry. He discussed the problems involved by the increasing number of airports, the need for a more efficient use of smaller capacity.

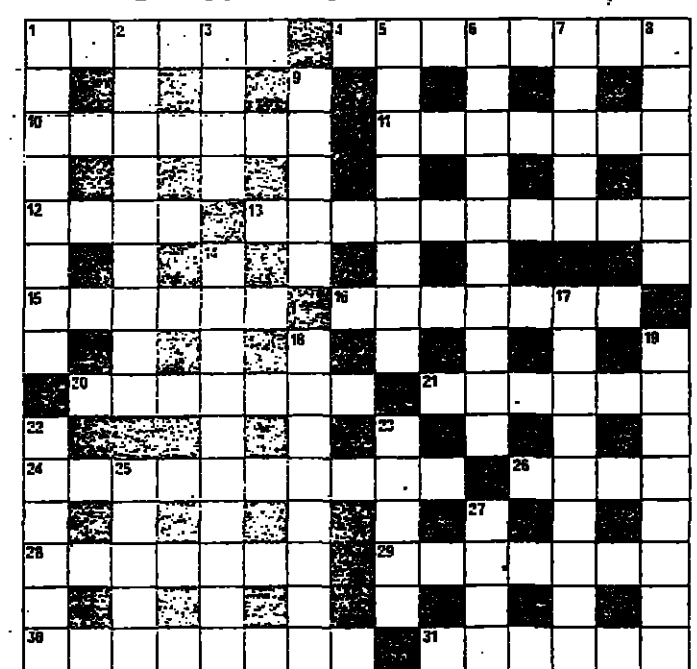
FINANCIAL TIMES WORLD AEROSPACE IN-1977 CONFERENCE

Competition At the same time, air transport should end those forms of competition which, even though sometimes benefiting travellers, represented an inadmissible waste of capacity. The problems of general aviation were raised by Mr. R. Smith, managing director of C-Aviation. A quarter of world airports were not yet open for general aviation air operation, he said. Last chairman of British Aerospace, said that establishment of two operating groups, an air group and a dynamics group within the state-owned company would be achieved earlier than had thought possible. Each group would have its chairman and chief executive. Responsibility would be contracted to these units. The decline factor in collaboration at least by avoiding undue competition. The theme of protecting Europe's technological skills was also evoked by M. Bernard Lathière, president of Airbus Industrie. He spoke of the danger of Europe being outclassed in technology by the U.S. and underdog in manpower by the Third World. He noted that Europe provided only 2 or 3 per cent of the world aircraft market, yet constituted a quarter of that market. Priorities for the Airbus were the development of a long-range version of the B4, the offering of the B4 with alternative engines, and the development of new versions including the B10 shortened 300-seater, the very-long-range B11 and the 300-seater B5, he added. The prospect of further regulation of airline operations because of the increasing problems of both land use and crowding of airports was evoked by M. Marcel Cavalle, French Minister of Transport with responsibility for the aviation industry. He discussed the problems involved by the increasing number of airports, the need for a more efficient use of smaller capacity.

BBC 1

- 6.40 a.m. Open University (L1F only). 9.38 For Schools. Colleges. 10.45 You and Me. 11.00 For Schools. Colleges. 12.45 News. 1.00 Pebble Mill. 1.45 Teddy Edward. 2.30 Rinc-a-Dinc. 2.40 For Schools. Colleges. 2.40 Derby Day Grandstand. 3.55 Derby commentary. 3.55 Regional News (except London). 5.55 Play School (except BBC 2). 11.45 Star Trek. 4.40 Star Turn. 5.45 News.

F.T. CROSSWORD PUZZLE No. 3,395

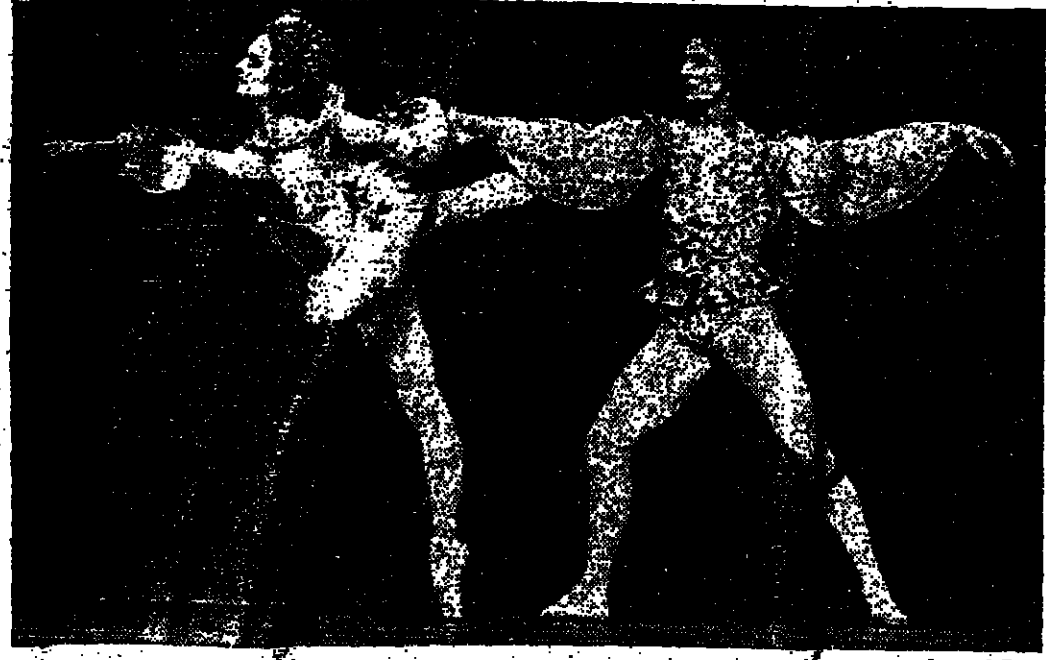


- 1 The bride's upset? That's just rubbish (6)
2 Who can compare with Britons except their children across the — (Thackeray) (8)
3 A course to the Cape may make you chicken? (7)
4 Mistake in print (7)
5 Nuns on small children (4)
6 Pitch into the people (10)
7 High or low, it means deliverance (6)
8 Herts' town finds doctor in frustration (7)
9 Rustic associated with poet (7)
10 Look about the pale over (6)
11 Excellent store, to transport merchandise (5,5)
12 Back favourites for page (4)
13 An insect variation to get on the railway (7)
14 Clothes for a pal about fifty (7)
15 Appearances in other respects (8)
16 When first about the information for an inscription (6)
17 Cover up a politician given to procrastination (8)
18 Game traffic (9)
19 I examine a figure (4)

BBC 2

- 6.40 a.m. Open University. 10.25 Nat Zindagi Naya Jeevan. 11.00 Play School. 1.55 Open University. 2.00 News. 2.15. 2.30. 2.40. 2.55. 3.00. 3.15. 3.30. 3.45. 3.55. 4.00. 4.15. 4.30. 4.45. 4.55. 5.00. 5.15. 5.30. 5.45. 5.55. 6.00. 6.15. 6.30. 6.45. 6.55. 7.00. 7.15. 7.30. 7.45. 7.55. 8.00. 8.15. 8.30. 8.45. 8.55. 9.00. 9.15. 9.30. 9.45. 9.55. 10.00. 10.15. 10.30. 10.45. 10.55. 11.00. 11.15. 11.30. 11.45. 11.55. 12.00. 12.15. 12.30. 12.45. 12.55. 1.00. 1.15. 1.30. 1.45. 1.55. 2.00. 2.15. 2.30. 2.45. 2.55. 3.00. 3.15. 3.30. 3.45. 3.55. 4.00. 4.15. 4.30. 4.45. 4.55. 5.00. 5.15. 5.30. 5.45. 5.55. 6.00. 6.15. 6.30. 6.45. 6.55. 7.00. 7.15. 7.30. 7.45. 7.55. 8.00. 8.15. 8.30. 8.45. 8.55. 9.00. 9.15. 9.30. 9.45. 9.55. 10.00. 10.15. 10.30. 10.45. 10.55. 11.00. 11.15. 11.30. 11.45. 11.55. 12.00. 12.15. 12.30. 12.45. 12.55. 1.00. 1.15. 1.30. 1.45. 1.55. 2.00. 2.15. 2.30. 2.45. 2.55. 3.00. 3.15. 3.30. 3.45. 3.55. 4.00. 4.15. 4.30. 4.45. 4.55. 5.00. 5.15. 5.30. 5.45. 5.55. 6.00. 6.15. 6.30. 6.45. 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Lynn Seymour and Wayne Eagling in 'Gloriana Choral Dance'

Covent Garden

The Jubilee Gala

The Covent Garden Jubilee Gala on Monday in the presence of the Queen, the Duke of Edinburgh and members of the Royal Family, was the Royal Ballet's first house looker festive with decorations by Dennis Lennon (Glyde-bourne patterns will have spotted the dark blue used in Copricchio) rather too careful for the occasion, though the emblem bearing the coat of arms on the front of the Royal Box was not an object of conspicuous beauty.

Opera came first, opening after a fanfare and the National Anthem—with an ingenious tribute staged by John Copley, producer of this half. The chorus, massed on stage, sang the greeting to the Queen's Carriage from 'The Trojans' while Josephine Veasey as Dido and her retinue wound their way through the stalls. Colin Davis, conductor of the memorable second Covent Garden production of the Berlioz double epic and now the company's Music Director, was in charge of this and the other operatic offerings.

With so many factors to consider—availability, suitability, rehearsal time, cost, and so on—no such scheme is ever wholly satisfying. This was a good choice as such things go with international stars as well as a number of British singers now stars in their own right overseas. At least two more of the major successes won by the company during the Queen's reign were represented. Christoph sang King Philip's aria from Don Carlos, Domingo and Margaret Price the first act duet from Otello. He was in more golden form than at the first night of La Juicaglia; she made one ayid to hear the rest of her Desdemona.

Television

Violating the facts

by CHRIS DUNKLEY

There is a dispiriting tendency in this country, and by all accounts in practically every other country in the world bar Japan—to try to restrict all television programmes to those suitable for safe viewing by shy, easily excitable, 13-year-old delinquents.

public morals, religious bigots, and straightforward interfering busy-boots, what hope is there for those of us who really believe in freedom of expression? For those who do still hold such beliefs, the most distressing aspect of this widespread intolerance is that it grows, so often, out of a series of fallacies and half-truths, or rather half-lies. Nothing illustrates this better than the question of violence on television.

effects, the food commercial (say) and the violent knife fight (say) are much more likely to have opposite effects. The food commercial uses every trick in the advertiser's book to ensure that the viewer sees the product in the most flattering light. It is not by chance that commercials are full of sunlight, beautiful people, children, "newness," lovable animals, admiring on-lookers, and comedy. The viewer is predisposed to find all these acceptable, attractive, and desirable.

so absurd that its wide acceptance can only be seen as proof of Hitler's dictum that "The great masses of the people... will more easily fall victims to a great lie than to a small one." Within 25 years at the start of this century mankind managed to organise two world wars and kill millions upon millions of his own kind. Since television had not been invented during the first and was still of no account during the second, these wars

compared to other periods of history, for which television must be blamed. Yet a little reflection and a little reading (of Mayhew and Dickens, for instance) suggests that this notion depends more on a romantic view of history than on any view of the facts. A street fight between the Hackney Boot Boys and the Bethnal Green Gang is TV-induced violence whereas a street fight between the young Montagues and Capulets was simply the timeless high spirits of youthful delirium.



David Soul as Hutch in 'Starsky and Hutch'. The violence had to be cut to satisfy critics

The Entertainment Guide is on Page 12

Old Vic Hamlet

Prospect's new Hamlet directed by Toby Robertson seems to have begun at a commendably simple one, without many gimmicks, and then to have had all its emotions made doubly clear. Old Hamlet even sitting down to the table and thrusts his application to return to Wittenberg to the top of the King's file, and when he shouts "Seems, madam!" at the Queen as if he were addressing the Court, I felt a touch of excess.

Hamlet is played by Derek Jacobi. He maintains his mad sense longer than is fashionable, even sitting down to the table when he's being chased after Polonius's death, but gives a nice, consistent performance of a character that has clearly been thought through deeply. It is, though, most of all, who exaggerates the peaks and troughs of feeling so much.

One of the evening's gimmicks is to have Hamlet speak "To be or not to be" to Ophelia, toying with her while Mr. Jacobi speaks it as if asleep; but Ophelia's presence there is fatal even though she is neatly played by Suzanne Bertish in a cool, intelligent mould that is quite fresh. Another gimmick is to start with a parade of the four chief characters, and this almost ruins the marvellous first scene. Timothy West's Claudius is so outstandingly good that the Queen, looking young enough to justify her second marriage, but

not sounding passionate enough. Horatio is given a very straightforward performance by John Rowe, thus revealing what a dull part it really is. I thought the speaking in all the parts intelligent; there was hardly an emphasis that I didn't agree with, save in extent. The play is done on a permanent set that serves pretty well for everything from battlements to throne-room with its tall grey columns; the designer is Robin Archer.

With that we are back to the plea that television be geared to the needs of a few 13-year-old delinquents and the answer must be: if that alone is the rationale... If we are to object to the high proportion of violent programmes, as is our right, it ought to be for the simple and perfectly creditable reason that we dislike them and would prefer something else (while recognising that many viewers, the vast majority peaceable and inoffensive, obviously relish them) and not because of some fallacious notion concerning the causes of violence within the only species known to nature to have been consistently interbreeding from its earliest days.



Louise Furnell and Clive Arrindell in the Open-Air Theatre's 'Love's Labour's Lost' in Regent's Park

Palladium Chita Rivera

Chita Rivera was the lively Latin American who 30 years ago stole scenes from Marlyn (you must remember "30") in West Side Story. Now she is back upstaging everything in sight at the Palladium for two weeks. She had things, easy, really, for there was a series of first night disasters which made her triumph that much grander.

After that there was no stopping her. The audience was determined to love her and she gave them every reason as she joked, danced and sang her way through her musical memories. It is basically a club act, but Chita Rivera knows that a big personality expands even more when it comes from a small body, especially a small body which constantly deflates itself. She is hardly into her act before she whips a banana and a maraca and sings "La Bamba" because she knows that people expect it from someone called Chita Rivera.

From then on its pure mainstream show biz numbers from Sweet Charity, Chicago and West Side Story which seem to mean a lot to Miss Rivera and her fans but carry little reality or conviction. It matters not—a charming smile, a strong voice, work. There are few things more ridiculous than a vivacious show business personality singing her opening number, her back but Chita Rivera rose above the climax.

occasion with the kind of artless charm which serves Liza Minelli so well. Then when Miss Rivera finally appeared, her entrance, right, a lot to Miss Rivera and her fans but carry little reality or conviction. It matters not—a charming smile, a strong voice, work. There are few things more ridiculous than a vivacious show business personality singing her opening number, her back but Chita Rivera rose above the climax.

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Elizabeth Hall I Musici

Not every chamber orchestra has the good fortune to preserve its collective style, without being disturbed by changes of personnel, and without becoming stale, over such a long period as 25 years. But I Musici has done just that. Their leader, and the soloist in Vivaldi's "Seasons" on Monday was not Michelucci, but Pina Carmirelli, whose solid, thick, resonant sound matched well the pre-determined character of their performance.

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West Midlands Arts tops touring drama league

West Midlands Arts, the regional Arts Association for Hereford and Worcester, Salop, Staffordshire, Warwickshire and the West Midlands Metropolitan County, came "top of the pops" in 1976-77 for small-scale touring drama in the region. There are basically two methods in which the region can benefit from touring theatre—the Regional Touring Circuit and the Regional Touring Grid.

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EUROPEAN NEWS



The Brussels Stock Exchange.

Russia and Egypt seek an end to hostility

By David Satter

MOSCOW, May 31. THERE IS little optimism at the meeting between Soviet Foreign Minister Andrei Gromyko and Egyptian Foreign Minister Ismail Fahmy on June 1...

The two countries hold virtually identical positions on the Middle East and President Sadat is said to believe that 1977 is the year that some progress must be made in peace negotiations.

The situation was distorted in April when Egypt and several other Arab states received a note from Moscow accusing Egypt of increasing tension in its relations with Libya and encouraging subversion.

On the face of things, Egypt and the Soviet Union appear to have every reason to want to settle their differences.

The Egyptian relations are likely to develop in the foreseeable future in the two countries differ fundamentally in their ideas on what those relations should be.

The Egyptians are prepared to have normal state-to-state relations with the Soviet Union but not to accept a "special" relationship.

The most important question for the Egyptians is the question of arms. The supply of Soviet arms to Egypt was completely cut off in 1974.

Besides arms, the Egyptians need some relief from payments on their massive debt to the Soviet Union.

The Russians and Egyptians this year negotiated a new one-year agreement that provides for Egyptian exports to the Soviet Union with a value of £236m.

The Egyptians are not prepared to accept a closer relationship with the Soviet Union at this time although the victory of the right wing Likud bloc in Israel adds a new impendence to the situation.

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West Berliner's garden wall.

How Berlin has learnt to live with the Wall

BY LESLIE COLT

WEST BERLINERS have grown so used to the wall in the nearly 16 years they have lived with it that it takes visitors from outside the city to jolt them into realising its impact.

Others breed rabbits on the East German frontier while their wives dry their washing on poles planted inside East Germany.

On one former stretch of border that cuts through green meadows of East Germany and West Berlin, a resourceful West Berliner has erected a wooden hut where he raises bees and warns strollers: "Danger of stings, bee-culture."

One of the oddest situations along this Kafkaesque border area has developed over a narrow strip of land, belonging to the East German town of Glienicke, that just 500 yards into the northern part of West Berlin.

The suburban West Berliners have become so adept at ignoring the "State border of the German Democratic Republic" that East Germany has called on the West Berlin city government to stop its inhabitants encroaching on East German territory.

The area at the wall that East Germany is complaining about presents a study in human adaptability. Behind their homes the West Berliners prune and mow flower-filled gardens that look like those anywhere else in

West Germany, except that they all end in a gray 12-foot high wall. On top is wide diameter tubing to prevent malcontented East Germans from scaling it.

Within the silver of land two to ten yards wide, that lies between the actual frontier, marked by concrete posts and rusted barbed wire, and the later wall, the West Berliners have erected tool sheds and dog kennels, the backs of which abut directly on the wall.

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tions of the wall, which stretches nearly 100 miles round West Berlin, East Germany has been sprucing up the edifice with smooth new slabs of concrete that have been given a fresh coat of white paint.

Scarcely any East Germans make it over the wall any more. An unknown number come through the two checkpoints from East Germany concealed in the vehicles of westerners using the East German autobahn from West Germany.

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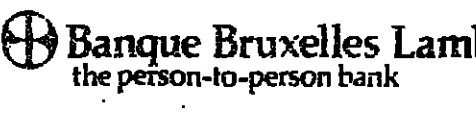
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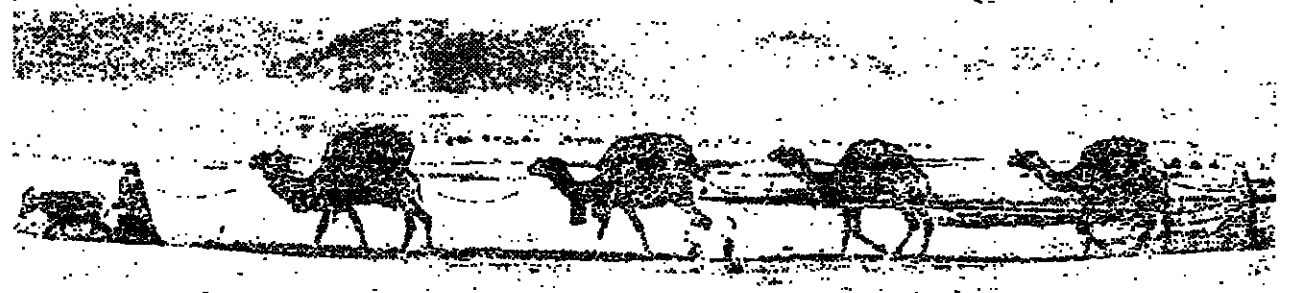
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A desert country like Saudi Arabia needs water. Progress depends on water. Without water systems Arabian farmers and their livestock have to wander from one oasis to the next in order to survive at all.

Pipeline systems are the vital link. To satisfy the enormous water requirements of a desert country like Saudi Arabia efficient, reliable water supplies are essential.

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ing and equipping the manufacturing facilities and for the education and training of personnel. APLACO is an example of true partnership - the kind of joint venture which +GF+ is seeking all over the world.

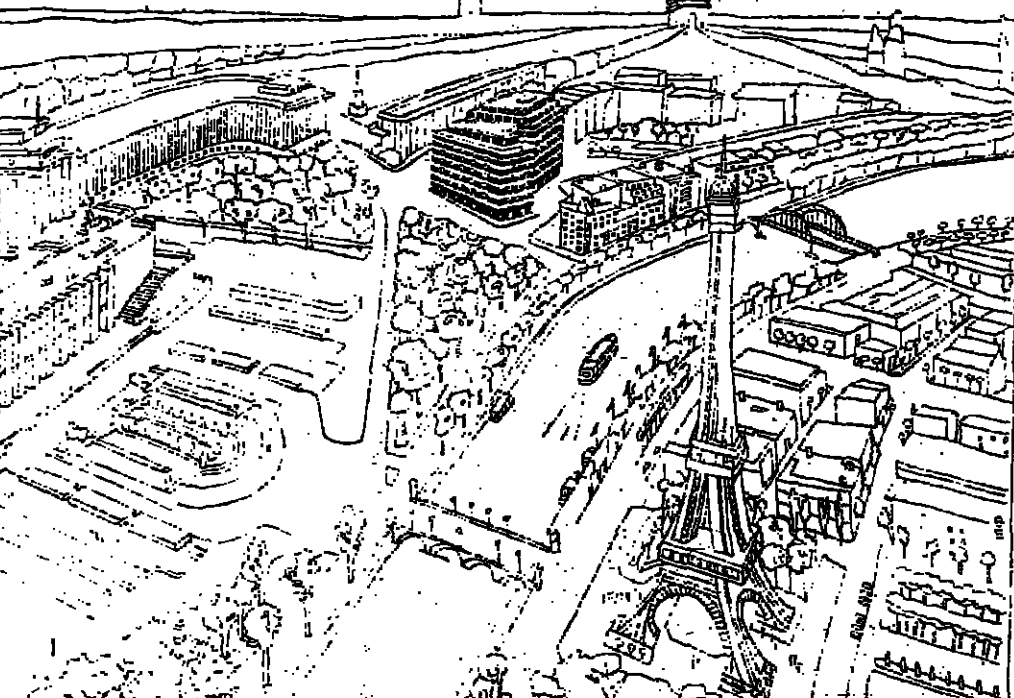
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Baffi plea on Italy's banking system

ROME, May 31. THE international credibility of the Italian banking system must be protected to guarantee the country's economic recovery...

In a wide-ranging address during the annual meeting of the central bank here today, Sig. Baffi said the impact of the balance of payments deficit on reserves had been so far softened by the steady increase of the foreign indebtedness...

Thanks to this increase, the banking system bridge to help in building a more stable financial equilibrium at a time when the payments deficit stood at some £2,300bn. (about £15bn.) and annual oil demand reached 14,500bn. bbls. although there has been a 7 per cent. reduction in energy consumption compared with 1973.

Sig. Baffi said there was a need for concerted economic policies by the political forces and the country's economic operators to safeguard long-term credibility.

While the stronger economies of western Europe are aiming towards a 3 per cent. annual inflation rate, we can no longer talk about a figure five times higher without jeopardising our position regarding international commercial and financial exchanges.

Sig. Baffi pointed out that future annual growth rates were unlikely to exceed 3 per cent. In real terms, during the 1964-73 period, despite serious economic difficulties, the growth rate had averaged just below 5 per cent. whereas it had dropped to 2 per cent. since.

One of the major problems remained the lack of flexibility in labour costs, which in the manufacturing sector registered a 10 per cent. unit cost increase last year following a 35 per cent. rise in 1975. In Japan and West Germany, on the other hand, labour costs per unit had effectively decreased last year, and had risen only by 1.2 per cent. in U.S. and France.

Sig. Baffi said that Italy's international competitiveness must be improved through a policy of industrial renewal, new investments and an effective labour policy. Last year, in spite of the international recovery, fixed investments rose by a mere 2 per cent—a relative improvement on the 13 per cent. drop in 1975—while in the industrial sector a 2 per cent. fall was recorded following a previous decline of 22 per cent.

The central bank Governor called for closer collaboration between the credit system and the industrial sector and called for urgent measures to revitalise the risk capital market by removing fiscal obstacles limiting its potential.

Although the net indebtedness of the public sector last year remained stationary at the 1975 level of £13,900bn. and its ratio against gross domestic product had effectively decreased from 12.2 per cent. to 9.8 per cent., public expenditure last year exceeded £67,500bn. or about 50 per cent. of GDP. Its expansion, which was accelerated in the latter half of the sixties from 33 per cent. in 1964 to 36 per cent. in 1964, had grown by 42 per cent. in 1974 and by 48 per cent. in the last two years.

TURKS WARNED ON POLL DAY VIOLENCE

Army may be called to keep peace

BY DOMINICK J. COYLE

ANKARA, May 31.

WITH THE main political rallies ahead of next Sunday's Turkish general election, now being guarded by troops and armed gendarmes, the country's Supreme Election Council (SEC) has promised to use the armed forces, if necessary, to ensure peace on election day.

The police, gendarmes and "where necessary" the armed forces would be used to maintain law and order, the SEC said. However, the very fact that it was thought necessary to issue such a statement is itself another indication of the state of tension which exists throughout the country, but principally in the major towns and cities.

The main rally centres in the larger cities and towns. Meanwhile, the right-wing newspaper Tercuman, claimed in an article today that the "strategy of tension" in the run-up to the Turkish elections had been planned at a meeting in Berlin of the "Turkish Socialist Revolutionary Council" at which the paper claimed "all legal and illegal Marxist and Leninist organisations of Turkey were represented."

Bid to avert W. German strikes

BY JONATHAN CARR

BONN, May 31.

INTENSIVE EFFORTS were under way today to head off two strikes in West Germany. One at Lufthansa, the largely state-owned airline, the other in part of the chemical industry.

The white collar workers' union, the DAG, in which most of Lufthansa's 5,500 aircrew are organised, had given the airline until midday today to improve an offer on pay and conditions. But at the last moment the union said it was ready for further talks provided the Board chairman, Dr. Herbert Culmann, took part. The Board will decide on offer of a pay increase of between 5.3 per cent. and 6.9 per cent. (depending on wage level).

The Lufthansa situation is complicated by the long-standing rivalry between the DAG and the OETV, the public service workers union in which most Lufthansa ground staff are organised. The OETV has already accepted the offer of a pay increase of between 5.3 per cent. and 6.9 per cent. (depending on wage level).

The DAG also made clear that if a strike were called it would initially be confined to West German airports and would not affect the wholly owned Lufthansa subsidiary Condor, which specialises in holiday charter flights.

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Danes forecast payments boost

BY HILARY BARNES

COPENHAGEN, May 31.

DENMARK'S BALANCE of payments deficit will improve from Kr.11,500m. last year to Kr.8,500m. this year, according to an Economics Ministry survey.

This compares with a recent Economic Advisory Council report, which forecast an unchanged external deficit this year. The difference between the reports is that the Ministry sees a small drop in imports; the Council expects a small increase.

The Ministry believes GDP will increase by 11 per cent. this year, and unemployment will rise. In April unemployment averaged 7.7 per cent. of the labour force. In spite of an attempt to curb wage and price increases, the survey said both will go up by 10-11 per cent. this year.

Cortes president resigns

BY ROGER MATTHEWS

MADRID, May 31.

SR. TORUATO Fernandez also chaired the Council of the Miranda, president of the Spanish Cortes which is to be replaced next month by a regularly elected two-chamber parliament, today announced that his resignation had been accepted by King Juan Carlos.

The decision came as a shock to the most right-wing parties, who saw in Sr. Fernandez Miranda some hope that the new parliament would be guided by relatively "safe" hands.

The outgoing president of the Cortes, who has been asked by the King to stay in his job until the June 15 elections, was formerly one of the dictators of the Franco regime and served as Deputy Prime Minister under the late Admiral Carrero Blanco. He was considered by parties to the Left of centre, and perhaps even by Sr. Adolfo Suarez, the Prime Minister, to have been a potential handicap to the new parliament.

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EEC anti-terrorist moves

BY DAVID HABAKKUK

NEW COMMON Market measures to combat international terrorism are being launched following a top-level meeting of senior Ministers in London yesterday.

Interior and Justice Ministers of the nine EEC countries agreed to strengthen co-operation and the exchange of information between their various security forces.

Although the meeting has been scheduled for some time it comes as the two sieges in Holland, in which South Moluccan terrorists are holding 60 people hostage, appear to have reached deadlock. The gunmen have asked for mediators to negotiate an escape route for them.

Several anti-terrorist experts—including three Special Air Services operatives—have been flown to Holland from Britain to assist in the operation.

The Ministers were meeting in London under the chairmanship of Mr. Merlyn Rees, the British Home Secretary to review the programmes of work by officials set up by a previous ministerial meeting held in Luxembourg last year as the result of a U.K. initiative.

Among those present were Dr. Werner Maihofer, the West German Minister of the Interior, Mr. C. Bonnet, the French Interior Minister, and Mr. Patrick Cooney, the Irish Minister of Justice.

At a new conference after the meeting, Mr. Rees singled out arms smuggling as probably the most significant of the topics discussed. There is already international co-operation against arms smuggling, he said, but "at present it does not work."

The first Government shuffle since the Socialist electoral victory in October 1975 was made necessary by the involvement of the former Minister of Defence in an ammunition export scandal which, after five months of lurid revelations and half-hearted denials, forced him to resign.

However, the Chancellor today paid pointed tribute to the work of the non-Socialist professional army officer who belonged to his Cabinet for six years.

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Handwritten text in Arabic script at the top right of the page.

THEY'RE OFF AT 2.15. Starting this Derby Day, Iran Air have flights to New York every day. All by Jumbo Jet. Either the 747-200B, our latest plane; or our 'Special Performer', the 747SP. Both firm favourites for the transatlantic run.

Starting this Derby Day, Iran Air have flights to New York every day. All by Jumbo Jet. Either the 747-200B, our latest plane; or our 'Special Performer', the 747SP. Both firm favourites for the transatlantic run. The off is at 14.15, every day. And at 16.45, they'll finish at JFK's 'Worldport' terminal—built especially to provide the fastest possible service for passengers.

And on your chosen subject, Office Communications, you passed on five questions... The world's fastest-selling plain paper copier is... the Infotec 1101. The UK's second most popular brand of rented copier is... yes, you've guessed, Kalle Infotec. And finally, in a difficult economic year, Kalle Infotec's UK turnover in 1976 increased in fact... 2 1/2 times over the previous year. Mr. Ingelby, thank you very much.

Now your international customers can dial you toll-free from Zurich, Geneva, Amsterdam, Frankfurt, Madrid and Barcelona. Through Service 800.

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Soviet dissident convicted. BY David Satter. MOSCOW, May 31. MRS. MALVA LANDA, a founding member of the committee of Soviet citizens which monitors Soviet observance of the 1975 Helsinki accords, was today found guilty by a people's court of negligence in connection with a fire which broke out in her apartment on December 18, and sentenced to two years of internal exile. Mrs. Landa is the first member of a Helsinki group to be found guilty of a crime.



AMERICAN NEWS

U.S. may renegotiate nuclear agreements

WASHINGTON, May 31. PRESIDENT CARTER is considering appointing a special ambassador to take charge of negotiations with countries which receive nuclear technology or uranium from the U.S.

Occidental sues for \$43m. compensation in Venezuela

BY STEWART FLEMING NEW YORK, May 31. OCCIDENTAL Petroleum has filed a suit with the Supreme Court in Venezuela seeking some \$43m. in compensation for its oil interests acquired by the State under its January 1976 nationalisation law.

Mitchell, Haldeman to go to jail

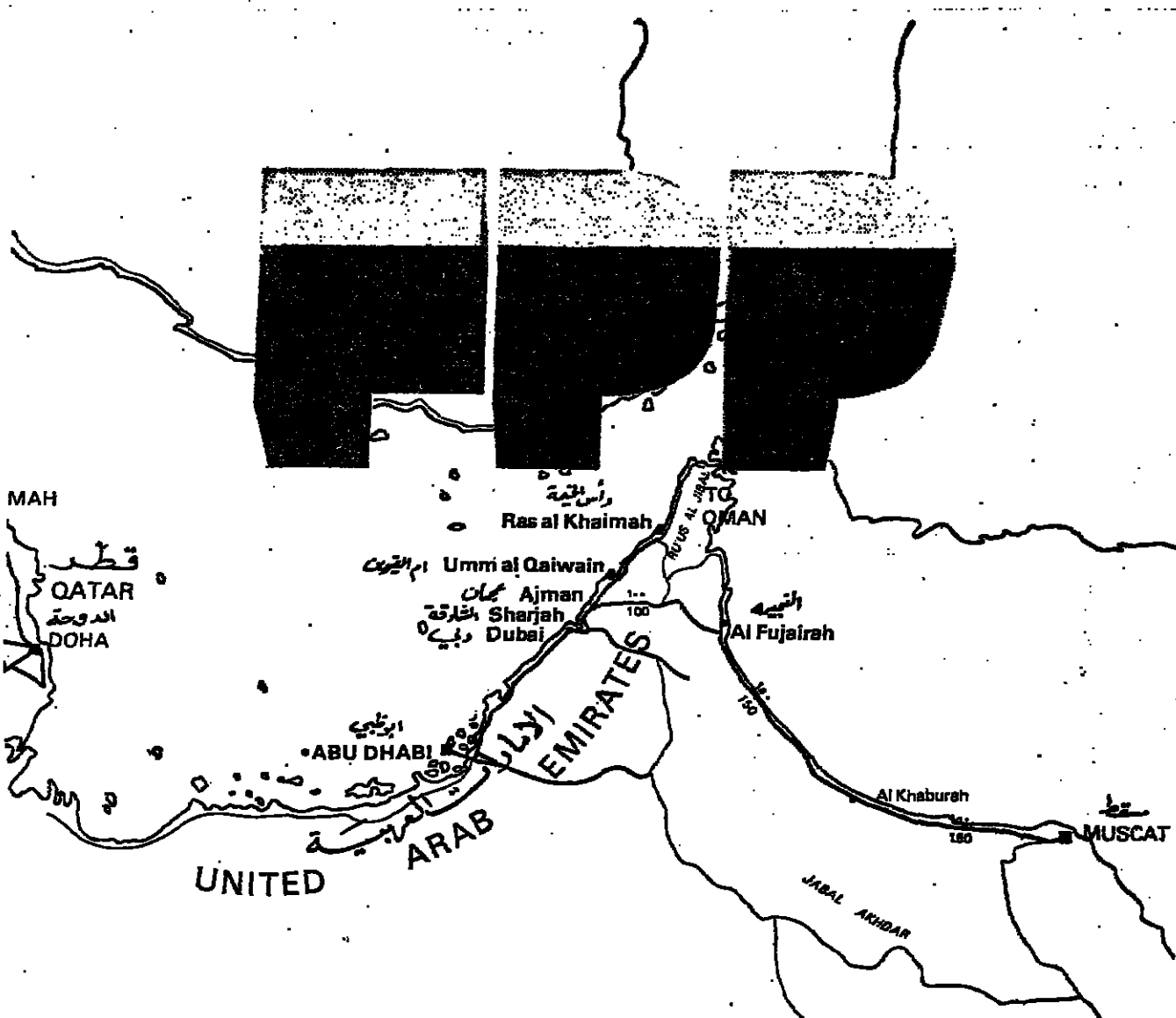
BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 31. THE SUPREME COURT this morning turned down the last legal manoeuvre that could have saved Mr. John Mitchell and Mr. H. R. Haldeman from serving time in prison for their Watergate convictions.

FTC to study airport car hire

BY JAY PALMER NEW YORK, May 31. THE U.S. Federal Trade Commission (FTC) has launched yet another potentially wide-ranging anti-trust study of U.S. airport car rental operations.

BRAZIL'S SAO FRANCISCO RIVER. Aiming for a flood of development

BY DAVID WHITE IN RIO DE JANEIRO FOR GENERATIONS riverside families in the Sao Francisco valley, in northeast Brazil, have lived in poverty and disease, poverty and the ravages of Chagas' Disease, a debilitating and eventually fatal illness.



FPP International offers Middle East industry a fully integrated contracting system which is based on pre-engineered steel components to meet your own requirements.

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APPOINTMENTS

MARKETING DIRECTOR Eastern Europe

This multi-billion dollar, Fortune 100, Food and Agn-business Company is seeking a Brussels-based Marketing Director for Eastern European Operations.

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COMPANY NOTICES

NOTICE OF RATE OF INTEREST Gabinete da Area de Sines (An Agency of the Republic of Portugal) US \$50,000,000 Guaranteed Floating Rate Serial Notes 1982

EDUCATIONAL THE SCHOOL FOR GERMAN FOR ADULTS Holiday courses for STUDENTS

PUBLIC NOTICES GLASGOW DISTRICT COUNCIL a meeting today 6pm 7.15.77, 7.45.77, 8.15.77, 8.45.77, 9.15.77, 9.45.77, 10.15.77, 10.45.77, 11.15.77, 11.45.77, 12.15.77, 12.45.77.

OPPORTUNITIES for experienced executives Progressive companies are always looking for experienced people whose talents may not be fully appreciated in their present jobs.

ESTATES AND FARMS KENT Sittingbourne, 2 miles, Maidstone 8 miles PRODUCTIVE ARABLE, FRUIT AND STOCK FARMS

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Handwritten Arabic text at the bottom of the page.



OVERSEAS NEWS

Likud negotiations for coalition enter final stage

By Daniel

TEL AVIV, May 31

WHILE PRESIDENT Katzir... Likud coalition. Mr. Begin... will be assured of a comfortable majority of at least 73 of the 120 Knesset members.

The Likud this morning also met representatives of the religious Aguda faction. But if the DMC joins the coalition, the Likud will no longer have to rely on the support of the four Aguda members who would have given it a slender majority of two or three.

Without participation of the DMC, the Aguda could exact a very heavy price for supporting the Likud by demanding stricter enforcement of religious laws. During their meeting with the Likud today the Aguda asked for more stringent observance of the Sabbath and recognition of conversions to Judaism only if carried out by Orthodox Rabbis; it also voiced opposition to army service by girls post-mortem and work on the sabbath.

Israeli Suez oil search

By our own correspondent

TEL AVIV, May 31

LOCAL and foreign oil experts are currently examining the results of an off-shore drill near A-Tur in the Gulf of Suez, which indicated the presence of oil.

The large investment which would be required for its exploitation. The drilling was carried out by a partnership between the Israel Government and foreign investors, holding 75 per cent and 25 per cent respectively.

Japan backs Singapore chemical complex

By Douglas Ramsey

TOKYO, May 31

JAPAN and Singapore have firm plans for a joint petrochemical complex in Singapore, according to Mr. Lee Kuan Yew, the Prime Minister of Singapore, who ended two days of talks in Tokyo this evening.

Mr. Lee also confirmed reports that Mr. Takeo Fukuda, the Prime Minister of Japan, had pledged \$500m. in government credits which will help pay for a \$75m. ethylene plant, and a related processing plant to cost an estimated \$285m.

Iraq wants to revive eastern front

By Hsian Hsazi

BEIRUT, May 31

IRAQ IS to propose revival of the "eastern front" against Israel in anticipation of what is regarded as rising dangers of war following the rise to power in Israel of the hard-line Likud bloc of Mr. Menachem Begin.

It has ended its confrontation with Iran over Shatt al Arab, and so has halted Iranian supplies to Kurdish rebels in northern Iraq. Also Iraq last year concluded what was described as a huge arms deal with the Soviet Union.

Iraq is better prepared militarily now than it was at the time of the 1973 war. Although the differences Iraq has with Syria have not in any way been resolved, the volume of its propaganda against the rival Baathist regime has lessened in the past month or so and its stridency has been toned down. Reciprocally, Damascus

the triumph of the forces of moderation in Lebanon, Iraq has felt uncomfortable in its isolation. However, since the May 17 Israeli election results were known, the Iraqi media have returned to the "rejectionist" line more vigorously than ever. In this situation, any call for a reconstitution of the eastern front, and any offer to send Iraqi forces to the confrontation States, would be less ritualistic than a similar proclamation made more than a year ago.

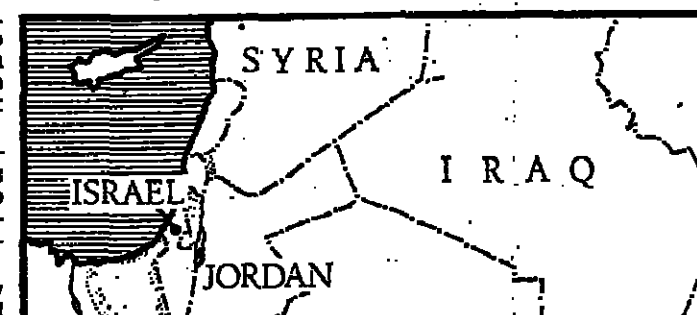


Table with 5 columns: FORCES, ISRAEL, IRAQ, SYRIA, JORDAN. Rows include REGULAR ARMED FORCES, COMBAT AIRCRAFT, TANKS.

Egypt call for Arab commitment

MR. ISMAIL FAHMY, the Egyptian Foreign Minister, said in an interview published here today that the Arab States would have no option but to use the oil weapon if a new war breaks out with Israel.

Can the rest of the Arab world just stand and watch? This is unacceptable and illogical. A challenge to the confrontation states is a challenge to all Arab states.

Mr. Fahmy said, "though states will stand fully behind the front-liners." Mr. Fahmy declared that peace efforts failed, the Egyptian Foreign Minister replied, "what was taken by force can only be retrieved by force, though this does not mean we will not knock at the door of peace by peaceful means. But if we fail, the solution is in our hands. We have complete co-ordination with Syria, which is basic. As for oil, there will be no option but to use it."

Asked what would happen if peace efforts failed, the Egyptian Foreign Minister replied, "what was taken by force can only be retrieved by force, though this does not mean we will not knock at the door of peace by peaceful means. But if we fail, the solution is in our hands. We have complete co-ordination with Syria, which is basic. As for oil, there will be no option but to use it."

Despite the right-wing victory at the Israeli polls, Mr. Fahmy said he thought the Geneva peace conference of the Middle East would meet this year. He added that he would be meeting Mr. Andrei Gromyko, the Soviet Foreign Minister, next month.

Mr. Fahmy said that Egyptian relations with the U.S. were "good" and developing positively, and he saw no contradiction in Washington having good relations with both Israel and the Arab states. "If the Arabs use their circumstances and resources, their relations (with the U.S.) will reach the same level as Israel's, and then peace will become real," he added.

Whitlam wins vote on leadership

By Kenneth Randall

CANBERRA, May 31

FORMER PRIME MINISTER Gough Whitlam was re-elected leader of the parliamentary Labor Party today by 32-30, defeating the former Treasurer, Mr. Bill Hayden.

Indian oil reserves survey

By K. K. Sharma

NEW DELHI, May 31

A FRESH survey by the Indian government-owned Oil and Natural Gas Commission has established reserves of 450m tonnes of crude in on-shore areas already surveyed by the commission. Of this, at least 120m tonnes are recoverable by known primary techniques.

Hayden should be the next leader of the party

By K. K. Sharma

CANBERRA, May 31

Mr. Hayden should be the next leader of the party. He still planned to retire two years after the next election, which he believed Labor would win "partly on its own merits, partly on the de-merits of the Fraser Government."

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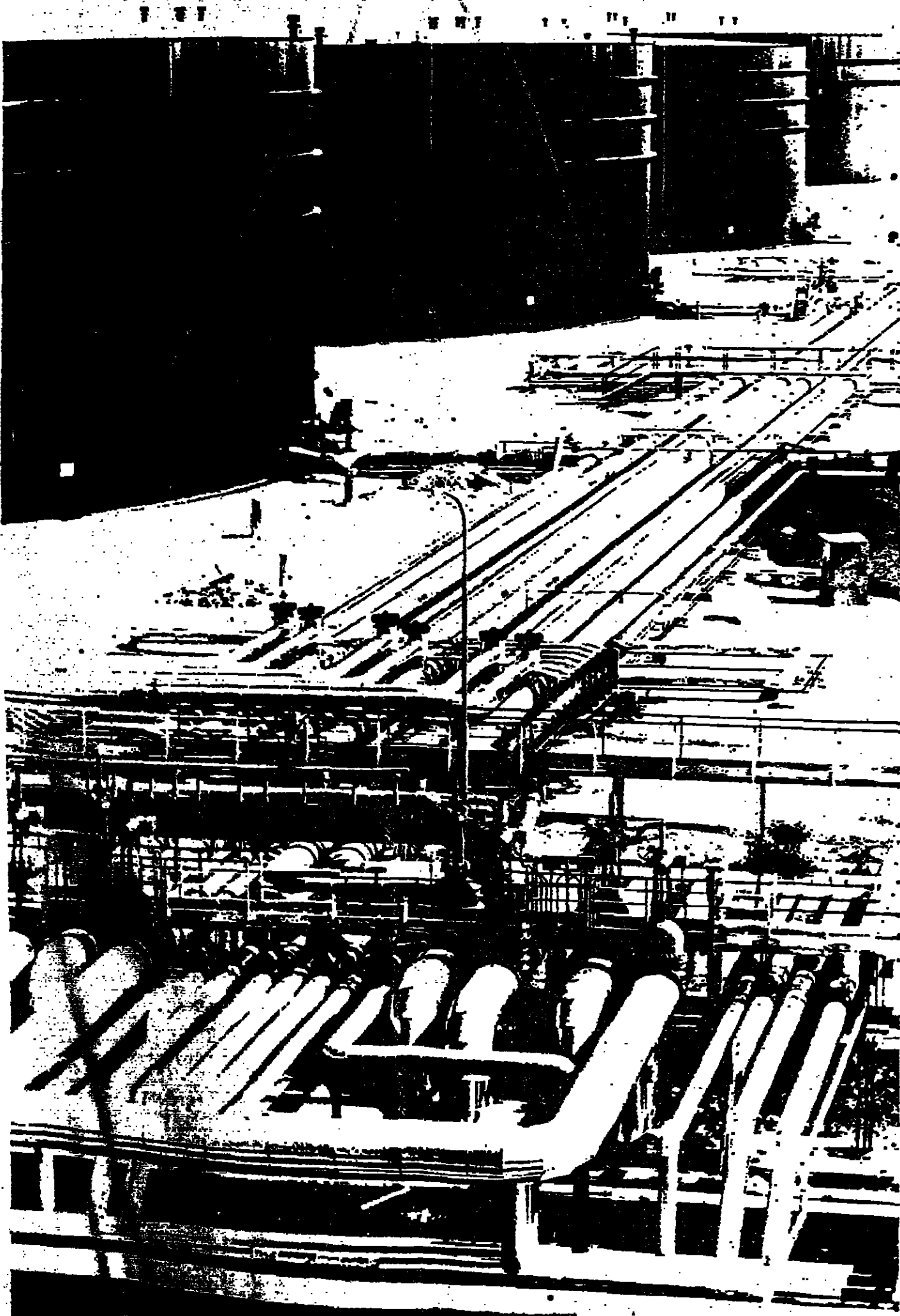
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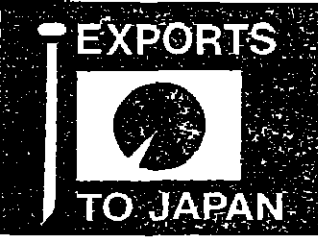
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Advertisement for Adamson & Hatchett to manufacture world-renowned Chronister valve range. Includes a large image of a valve and text describing the product and company.



**WORLD TRADE NEWS**



**The first of a series of articles in which Charles Smith in Tokyo describes European successes in selling to the Japanese market**  
**Volvo's unorthodox partner**

**F** JAPAN'S leading synthetic fibre manufacturer and Sweden's biggest motor manufacturer have made a success of selling cars in Japan they will have to thank Mr. Hermann Kahn of the Teijin Institute. It was he who suggested to the presidents of Teijin and Volvo that they should form a joint venture.

Teijin is known for its breadth of its diversification from its basic (but gradually declining) synthetic fibre business. Volvo makes high-quality high-performance cars which cost a lot of money but are most certainly superior to anything in the same or similar engine capacity produced by the Japanese motor industry.

Teijin's Mr. Shinzo Ohsa and Volvo's Mr. Pehr Gyllenhammar re both members of Mr. Kahn's Hudson Association and had known each other for years before they thought of doing business together. They decided to accept Hermann Kahn's unorthodox suggestion because nearly two years before production badly needed its own Japanese sales company and Teijin was interested in anything which promised to absorb the surplus management skills and surplus capital it no longer needed down the sales target to an annual increase of 10 or 20 per cent from the final 1976 sales figure of 800 cars per year.

A contract was signed in April 1974 and Teijin-Volvo went into action in March the following year—selling 700 cars in its first nine months. Last year sales just topped the 1,000 mark and this year Mr. Yoshida is hoping for 1,500.

Unlike Yanase, but like every other company which imports foreign cars into Japan, including the new Mitsui-British Leyland joint venture, Teijin-Volvo does not have its own wholly owned or exclusive dealer network. Its 37 dealers are allowed to handle other non-competitive cars such as the Porsche and the Jaguar. The distinction which Mr. Yoshida claims for the Teijin-Volvo sales strategy is that it is based on a "perfect franchise" system—each dealer has one prefecture to himself and is not in competition with other dealers selling in the same area.

Mr. Yoshida is also proud of his "incentive" scheme. This allows the dealer a certain mark-up to a fixed sales target but provides a special rebate on the wholesale price as soon as he passes the target. The rebate is back-dated to cover all sales since the start of the year so that if a dealer's target is 20 cars and he sells 21 he will get the higher rebate on all 21 cars, not just on the one over the target.

On the subject of mark-ups, general Mr. Yoshida says that a typical Volvo two-litre car sells in Sweden for about 60 per cent of its retail price in Japan, but the comparison is not exact because the Japanese version would contain a cooler and one or two other special features which would not be required for the home market. As far as Japanese prices are concerned, Mr. Yoshida says one of the big problems facing Volvo and other European exporters of big cars is the Japanese tax system which penalises cars of over 2,000 cc or more than 470 centimetres in length and 170 centimetres in breadth.

Japanese car manufacturers sell a lot of cars which fall just below the 2,000 cc barrier and are eligible for what is known as "five number" registration (the number plate has a five on it). Almost all the big European cars, including Volvo, Jaguar and Mercedes Benz come into the "three number" bracket and thus tend to cost a lot more.

Car importers like Mr. Yoshida feel the most helpful thing the Japanese Government could do at present to help European car imports would be to revise the tax situation in a way which would discriminate a little less drastically against the big European models. This may be a hopeless plea at a time when President Carter is planning to start penalising big cars in the U.S. Nevertheless the car importers do have a point. Large cars with specialist appeal such as Volvo or Jaguar are the one area in which the European motor industry has an indisputable edge over Japan—or would have an edge but for the brute effects of the tax system.

Viewing Teijin-Volvo strictly as a business venture, Mr. Yoshida says the company suffered "big damage" during its first two years of operation but is now breaking even. The total investment of £900m, contributed by the Volvo group, is expected to be recovered by 1980.

**THE SOVIET** Union, which had appeared to be bringing its foreign debt problem under control, built up a first quarter debt with the West this year which was almost as large as that built up during the first quarter of 1976.

Figures released to-day show that in the first three months of 1977 the Soviet deficit in trade with the industrialised capitalist countries stood at Roubles 1,190m. (£830.31m.), only slightly less than the massive 1976 first quarter deficit of Roubles 1,300m. (£1,010m.), which secured in part because of the need to make large grain purchases following the 1975 harvest disaster.

Overall trade turnover for the first quarter stood at Roubles 14,990m. (£11,710m.), an increase of 14 per cent over the turnover of Roubles 13,130m. (£10,255m.) during the first quarter of 1976. Of this year's first quarter total trade with the West accounted for Roubles 5,620m. (£3,310m.), or 31 per cent of total trade.

During the course of 1976, the demand for Soviet raw materials and a tight hold on imports helped hold down the growth of Soviet indebtedness. About £2,340m. (£2,340m.) Soviet debt with the West during 1976 was built up during the first quarter. The unfavourable first quarter figures were not repeated in subsequent quarters. It now appears that the need this year to make deferred purchases in the West has pushed the Soviets into deficit once again.

The debt with the West this year was partially made up, as it is traditionally by surplus in the Soviet trade with the Socialist countries and the third world. The Soviets had a surplus of Roubles 564.9m. (£441.33m.) in their trade with socialist countries and a surplus of Roubles 315.3m. (£246.33m.) in their trade with the third world.

The overall Soviet deficit during the first quarter was Roubles 310.6m. (£242.66m.).

The largest deficit was built up with the U.S. which at Roubles 390.3m. (£297.11m.) was still lower than last year's first quarter trade deficit with the U.S. which stood at Roubles 568m. (£444.53m.).

U.S. commercial sources said that grain shipments, which figured heavily in last year's first quarter U.S.-Soviet trade figures are a less significant factor this year.

The Soviet figures for British-Soviet trade show a surplus in the Soviet Union's favour for the first quarter this year of Roubles 73.1m. (£57.11m.). The Soviet surplus for the same period in 1976 was Roubles 64.9m.

Chromalloy American said its industrial applications international affiliate has received a \$12m. contract to build a computerised chemical plant for the Soviet Union.

**Soviet debt with West up sharply**

By David Sisker  
 MOSCOW, May 31.

**THE SOVIET** Union, which had appeared to be bringing its foreign debt problem under control, built up a first quarter debt with the West this year which was almost as large as that built up during the first quarter of 1976.

Figures released to-day show that in the first three months of 1977 the Soviet deficit in trade with the industrialised capitalist countries stood at Roubles 1,190m. (£830.31m.), only slightly less than the massive 1976 first quarter deficit of Roubles 1,300m. (£1,010m.), which secured in part because of the need to make large grain purchases following the 1975 harvest disaster.

Overall trade turnover for the first quarter stood at Roubles 14,990m. (£11,710m.), an increase of 14 per cent over the turnover of Roubles 13,130m. (£10,255m.) during the first quarter of 1976. Of this year's first quarter total trade with the West accounted for Roubles 5,620m. (£3,310m.), or 31 per cent of total trade.

During the course of 1976, the demand for Soviet raw materials and a tight hold on imports helped hold down the growth of Soviet indebtedness. About £2,340m. (£2,340m.) Soviet debt with the West during 1976 was built up during the first quarter. The unfavourable first quarter figures were not repeated in subsequent quarters. It now appears that the need this year to make deferred purchases in the West has pushed the Soviets into deficit once again.

The debt with the West this year was partially made up, as it is traditionally by surplus in the Soviet trade with the Socialist countries and the third world. The Soviets had a surplus of Roubles 564.9m. (£441.33m.) in their trade with socialist countries and a surplus of Roubles 315.3m. (£246.33m.) in their trade with the third world.

The overall Soviet deficit during the first quarter was Roubles 310.6m. (£242.66m.).

The largest deficit was built up with the U.S. which at Roubles 390.3m. (£297.11m.) was still lower than last year's first quarter trade deficit with the U.S. which stood at Roubles 568m. (£444.53m.).

U.S. commercial sources said that grain shipments, which figured heavily in last year's first quarter U.S.-Soviet trade figures are a less significant factor this year.

The Soviet figures for British-Soviet trade show a surplus in the Soviet Union's favour for the first quarter this year of Roubles 73.1m. (£57.11m.). The Soviet surplus for the same period in 1976 was Roubles 64.9m.

Chromalloy American said its industrial applications international affiliate has received a \$12m. contract to build a computerised chemical plant for the Soviet Union.

**Ericsson tipped to win Australian 'phones deal**

By James Forth  
 SYDNEY, May 31.

**A STRONG** lobbying campaign is under way in Australia to influence the outcome of a major telecommunications contract, which is expected to have important worldwide implications for the telecommunications industry.

The contract is for a new system of computer-control (or SPC) local telephone exchanges, to replace the existing electro-mechanical system.

The direct purchasing involved in the contract totals \$4250m. Together with the peripheral and ancillary equipment and installation costs over the ten year programme, the final cost is expected to total around \$4500m.

Several international groups, from Germany, Japan and elsewhere, sought the order but Telecom Australia whittled its choice down some time ago to two systems—the AXE system of L.M. Ericsson of Sweden and the Metacoita 10-C system of the Bell Telephone Manufacturing Company, an ITT subsidiary, and already manufactured on a limited scale in Australia by another ITT group member.

Telecom has already made its choice, and its recommendation, believed to favour L.M. Ericsson, has been with Mr. Eric Robinson, the Minister for Posts and Telecommunications, for about three weeks.

While Telecom has a requirement that it must receive an increasing proportion of its equipment from local manufacture, it is likely that initial components will need to be imported.

William Dullforce adds: The Australian order is very important for L.M. Ericsson, as it would confirm the technical superiority of its new AXE system and maintain the Swedish company's front rank position among suppliers to the world telecommunications market. It would be doubly welcome after a period during which Ericsson's order book had started to decline and it was not certain that the company would succeed in making the switch to the new generation of telephone exchange equipment. Now in fairly quick succession Ericsson has called orders from France, Finland, Kuwait and Yugoslavia.

The Australian contract would nevertheless be a decisive breakthrough, because Telecom has a reputation as an independent-minded authority working to a very high standard. An Ericsson spokesman in Stockholm said a positive Australian decision would be "a remarkable victory" for the company.

The existing crossbar equipment is currently being upgraded using Ericsson equipment, which would be complementary to the AXE system. Telecom considers that if it takes the AXE system, it will be able to hold down its tariff charges to consumers.

ITT is obviously unhappy with Telecom's choice and has been putting its case in Canberra, hoping to still gain the decision. Its main claims are that its system is more advanced, is already partly manufactured locally and that it would mean an immediate increase in local employment opportunities—a big attraction with the current high level of unemployment.

**Modest rise in Swedish pulp**

By John Walker  
 STOCKHOLM, May 31.

**THE SWEDISH** Pulp and Paper Association said plant utilisation continued to be low for both pulp and paper in the first quarter of this year.

It said that sales of paper for the period that sales of paper and pulp increased modestly compared with last year. Deliveries of pulp rose about 5 per cent to 837,000 tons. Exports of paper and board increased 12 per cent to 840,000 tons, but were lower than exports in the first quarters of 1974 and 1975.

The production of chemical pulp fell 22 per cent compared with the same period last year when industry continued to increase its stocks. In January to March this year only 777,200 tons of chemical pulp were made, leading to a 100,000-ton reduction in the first three months of last year. Newsprint production was low. This was also true of kraft paper and greaseproof to a certain extent.

Substantial improvements were reported in respect of qualities such as paperboard (up 20 per cent to 413,000 tons), fine paper (up 17.5 per cent), and semi-chemical fluting paper. Exports of paper and board rose 92,000 tons, unchanged from last year.

The production of paper and board increased 8.3 per cent to 1,332,000 tons, more than the first three months of last year. Newsprint production was low. This was also true of kraft paper and greaseproof to a certain extent.

Substantial improvements were reported in respect of qualities such as paperboard (up 20 per cent to 413,000 tons), fine paper (up 17.5 per cent), and semi-chemical fluting paper. Exports of paper and board rose 92,000 tons, unchanged from last year.

**Limerick urges export bid**

By Lorne Barling

**BRITAIN** cannot rely on North Sea oil and the International Monetary Fund loan, or the depreciated value of sterling, to maintain a trade surplus, Lord Limerick, executive director of Kleinwort Benson, said yesterday.

"Management and the people in industry involved in producing goods and providing services to overseas customers must be encouraged and made to realise that their contribution is vital."

Lord Limerick, a member of the British Overseas Trade Board, was announcing a two-day conference on export strategy, to be held early next month under the sponsorship of the London Chamber of Commerce and the Institute of Export.

Export Year had helped to bring home to everyone the need for involvement in exports, but the number of employees directly involved in exports was astonishingly low.

The BETRO report on key markets, published two years ago, showed that companies employed only 3,000 full-time staff in export marketing throughout the country. There was also an amazing disparity between the productivity of domestic and export sales staff, of the order of five to one.

This surely demands a most thorough investigation of what can be seen as not only a new attitude required in business, but a whole new philosophy and approach."

The conference in July would be largely devoted to an examination of the report and the shortcomings of British industry in the field of exports.

**Hong Kong trade up 7.5%**

**HONG KONG'S** domestic trade in April totalled £327m., 7.5 per cent up over that month last year, according to official figures here.

For the same month imports, at £516m., were up 19 per cent and re-exports, at £90m., up 9.1 per cent.

In the January-April period domestic exports amounted to £1,240m., a 6.6 per cent increase compared with the similar period last year. Imports, at £1,910m., were up 15.3 per cent and re-exports, at £373m., up 7.6 per cent.

For the 12 months May 1976, to April 1977, domestic exports totalled £4,160m., a 28.1 per cent rise over the May 1976, to April 1976, period. Imports for the 12 months were up 22.1 per cent to £5,670m. and re-exports, at £1,140m., were up 18.6 per cent.

**Kuwait harbour order**

The first major contract for which has been awarded to Toa Harbor Works Company of Japan. The harbour contract is worth about \$80m.

Two smaller contracts will also be signed, one worth \$500,000 for a perimeter fence and another worth \$2m. for access roads. Both have been won by local companies.

**Malaysian police cars**

Ford of Britain is to supply the Malaysian police with 236 Cortinas to be used as patrol and staff cars. The vehicles will be assembled in Malaysia by Ford Malaya and Wearn Brothers, the Ford dealer-assemblers in Kuala Lumpur.

**KOREA TRADE CENTRE**  
 is pleased to announce its move to new premises as of May 28th 1977

Please address all correspondence from this date to:

**KOREA TRADE CENTRE**  
 16/21 SACKVILLE ST.,  
 LONDON W1X 2PR  
 tel: (01) 439 0501  
 telex: 22375 KOTRA G  
 cable: MOOGONG LONDON

Do not hesitate to contact us for any information regarding trade with Korea, as well as details of Korean Products shows in the United Kingdom and in the Republic of Korea

**U.K. anti-dumping cases**

The Department of Trade has opened no less than 18 anti-dumping investigations over the past six months. This increased momentum, compared with a year ago, is a reflection of industry's anxiety to beat the July 1 deadline when anti-dumping responsibility is transferred from London to the EEC in Brussels. The steel industry is currently the most active in lodging complaints with the department, in contrast to last year when textile investigations predominated.

U.K. ANTI-DUMPING INVESTIGATIONS			
Commodity	Country of origin	Date opened	
PVC leather cloth	Hungary	16.3.76	
	E. Germany	10.1.77	
Steel reinforcing bars	S. Africa	21.12.76	provisional duty imposed on 24.12.76
Non-alloy sections and flats	S. Africa	1.2.77	
	Spain	1.2.77	provisional duty imposed on 14.7.77
	Japan	14.3.77	Provisional duties imposed sections—on 7.4.77 flats—on 19.5.77
High speed and tool steels	Austria	25.3.77	
	Sweden	9.5.77	
Horticultural glass	USSR	17.2.77	closed 30.5.77
	Romania	17.2.77	dumping found but undertakings given
	Poland	17.2.77	closed 30.5.77
	Czechoslovakia	17.2.77	no dumping found
Printed circuit board drills	U.S.	4.2.77	closed 21.5.77
	Japan	18.3.77	no dumping found
Socket sets	Japan	18.3.77	
Compressed air breathing apparatus	Sweden	24.3.77	
Lanolin derivatives	U.S.	4.5.77	
Paperboard cones	Spain	26.5.77	
Hydraulic loaders	Sweden	26.5.77	

**Polish order for Hoesch**

DORTMUND, May 31.

**HOESCH WERKE** said its subsidiary Vametel has received an order from the Polish foreign trade concern Centropaz to build a 300 tonne vacuum plant for Poland's Huta Katowice steelworks.

The plant, which is used to reduce hydrogen levels from steel, improve purity and add alloy materials, will operate from the start of 1978 and handle rails and low alloy steels.

A company spokesman declined to disclose the value of the Vametel is 50/50 owned by Hoesch and Fried Krupp Huettenwerk.

**Dresdner Bank your international partner reports on 1976**

- Group's business volume in excess of DM 100 billion
- Continued international expansion

Dresdner Bank, financing 20 percent of the foreign trade of the Federal Republic of Germany, again achieved a substantial increase in its international business.

Assets in international business went up to DM 16 billion. International project financing has gained increasing importance among the bank's activities. Projects in the energy sector include nuclear power plants, long-distance gas pipelines, coal gasification plants and thermal power units.

New offices were opened in Bahrain, Hongkong and Toronto; offices in Houston (Texas) and Jakarta will follow shortly.

In consequence of the international importance of the bank's business and the increasing number of non-German shareholders—about one fifth of Dresdner Bank's stocks are held by foreigners—the bank's shares are now listed on most of the European stock exchanges.

The activities of Dresdner Bank's subsidiaries were also very successful. After only ten years of operation the Compagnie Luxembourgeoise de la Dresdner Bank AG—Dresdner Bank International achieved assets of DM 13 billion.

The Deutsch-Südamerikanische Bank (DSB) with a business volume of DM 4 billion, again successfully expanded its financing volume, which is chiefly concerned with foreign trade with Latin America.

Cooperation with our partner banks in ABECOR—Associated Banks of Europe—was further intensified. ABECOR, with total assets of about US \$ 200 billion, is the largest international group of this kind.

Dresdner Bank has more than one hundred years' experience of international banking, and is active in more than 50 countries all over the world.

Branches of the Dresdner Bank group in London, Chicago, Los Angeles, New York, Singapore, Tokyo, Panama, Zurich.

Representative offices in Asunción, Beirut, Bogotá, Buenos Aires, Cairo, Caracas, Hongkong, Istanbul, Johannesburg, La Paz, Lima, Madrid, Manama (Bahrain), Mexico City, Montevideo, Moscow, Panama, Paris, Quito, Rio de Janeiro, Santiago de Chile, São Paulo, Sydney, Tehran, Toronto.

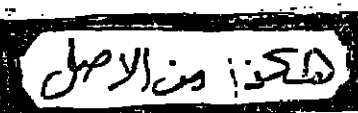
Call on us at Dresdner Bank. You'll find the international banking partner your business needs.

Head Office: Dresdner Bank AG,  
 7-8 Gallusanlage, 6 Frankfurt/Main  
 Telephone: 2631, Telex: 4-1230  
 Federal Republic of Germany

**Important figures from the Consolidated Balance Sheet at December 31, 1976 and 1975**

	in millions of DM	
	1976	1975
Total assets	84980	74102
Total loans and advances	67529	57836
Loans extended on bills	3957	3670
Loans and advances to customers	30803	25469
Mortgage loans	18449	15678
Loans and advances to banks	4057	3211
Guarantees	10263	9808
Bonds	2874	2024
Other securities	1324	1009
Deposits from customers and long-term liabilities	60816	54823
Demand deposits	8198	8479
Time deposits	19332	16447
Savings deposits incl. savings certificates	14875	13789
Mortgage bonds issued	18411	15908
Capital and reserves	2688	2191
Capital	790	670
Published reserves	1898	1521

The complete Annual Statement of Accounts at December 31, 1976, audited by Treuhand-Vereinigung Aktiengesellschaft, Frankfurt/Main, was published in the Bundesanzeiger No. 36, of May 6, 1977.





# Have you ever wondered why work is such a dirty word?

Ask shop floor workers to increase productivity on antiquated machinery and you get the fruity response you deserve. But it never seems to occur to employers that office workers have exactly the same feelings, that exactly the same principles apply to offices as to factories.

You can train your employees until they're as infallible as automatons. You can incentivise them until they work in their sleep. You can pay them in sackfuls of gold and frankincense. But until you give them a working environment and working conditions to match their abilities, you're wasting your money.

It's a principle that we at Hille and Form see demonstrated practically every week of the year.

We install office systems and there's no other company in Britain with more experience than us. We work from, if you like, the bare shell of the office right down to the calendars on the walls. And from the 70 years we've spent in business, we know that people want to work, they want to be able to take pride in their effort and they'd far rather be efficient and constructive than muddled and obstructive.

That's the theory that's the starting point of our operation. Suppose, for example, you're moving office. We would examine your needs in minute detail, discuss your requirements, plan the

methodology as we think it would be relevant to your new set up, and then co-ordinate with you or your architects, the design of the interior and install all the necessary furniture and furnishings.

We could go through the same processes if you were simply updating your company. And when it comes to installation, we'd take care of everything from room layout to light fittings and curtain colour schemes.

We might, if you like, advise you on maybe just one facet of a possible change or move rather than on the whole plan. We'll even just produce a report on your current environment, to advise on the way we think your business method should go, on whether or not, for example, a move would be a good idea.

We've been able to give substantial help to people who just stayed where they were. Simply by reorganising the workflow, equipment and layout around the staff to make a more efficient use of space.

And with rent at around £10 a square foot in London and other main cities around the world, it's not surprising that we can make savings like the £15,000 p.a. on 8,000 sq. ft. that we made for one client last year. And that doesn't include the taxman's contribution towards the purchase of new facilities. Free to anyone, provided your company is profitable.

But our organisation and service is not limited to just London, or even Britain.

We've already carried out reorganisation schemes in Europe and the Middle East, Far East, Africa, South America and Australasia. And we've prepared a booklet to tell you a little more about them and a lot more about us, about financing and, more importantly, about the people who work for us.

Come and visit the extensive showrooms of Hille International and Form International at Whittington House, or telephone, write, or telex, quoting reference FT/1 to Whittington House, 19/30 Alfred Place, London W.C.1. Telephone 01-580 2080. Telex 27679. Or alternatively to our Northern Regional showroom at 50 Sackville Street, Manchester M1 3WF, Telephone 061-236 6929.

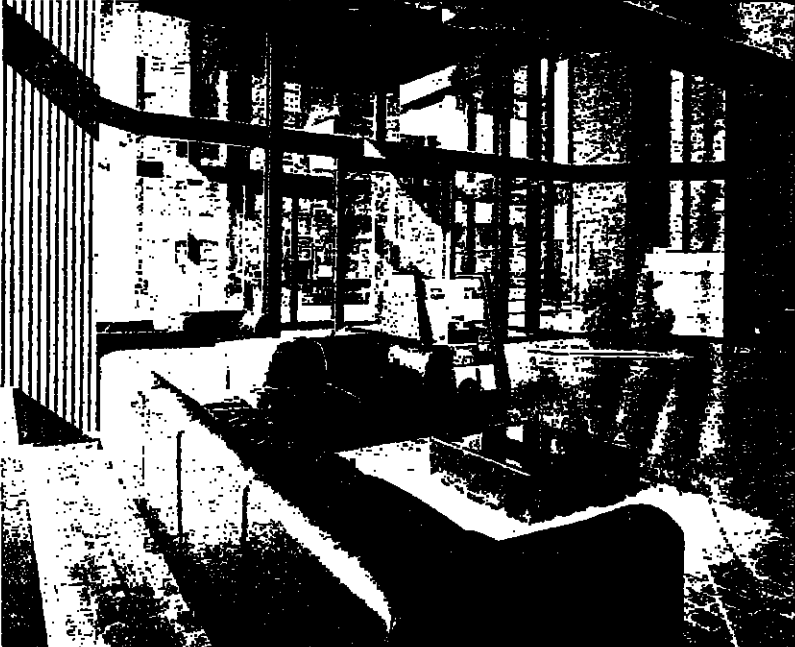
It could be your first step in a change for the better.



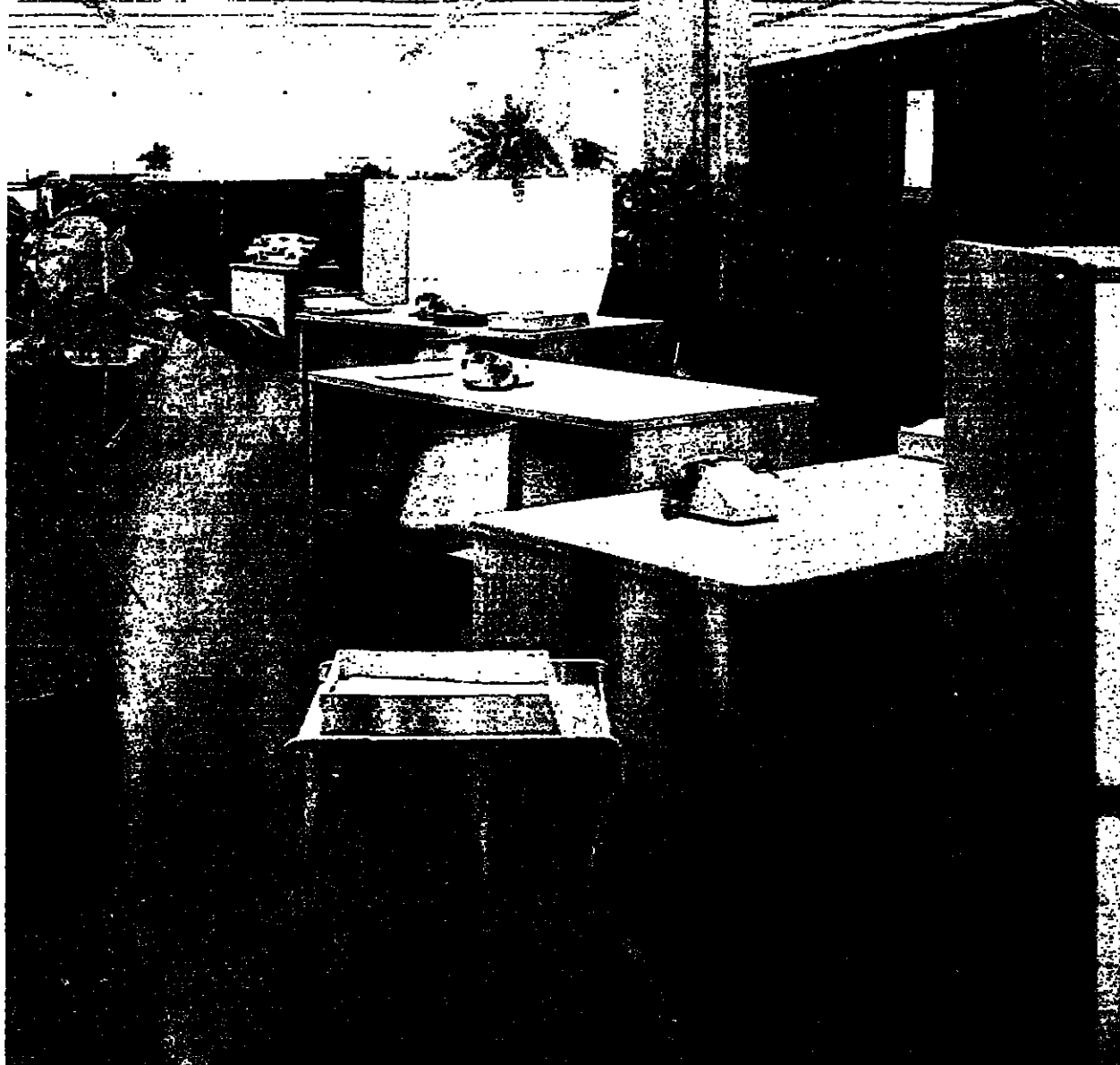
The Hille Group of Companies.



One of a series of conference rooms furnished by Form International for Merchant Bankers in the City. Illustrated are the MR chairs designed by Mies van der Rohe whose furniture is exclusively made in the U.K. by Form.



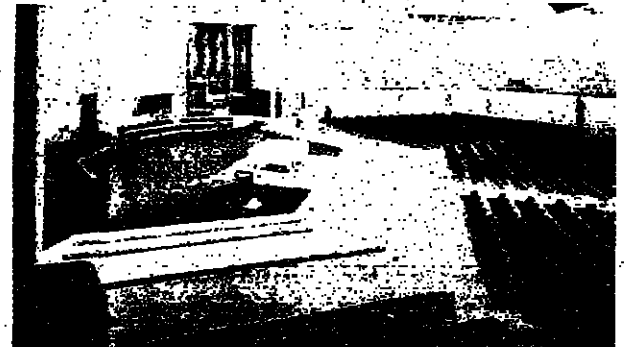
Reception area furnished with Hille Dolos Seating at the head-quarters of Finance for Industry on London's South Bank.



Open plan office areas furnished with Hille Office Systems at the new Truman Limited administration building in Spitalfields. The Hille Design Unit were responsible for office planning and layout in conjunction with Arup Associates, architects for the entire project which has just won the Business and Industry Award for the Environment.



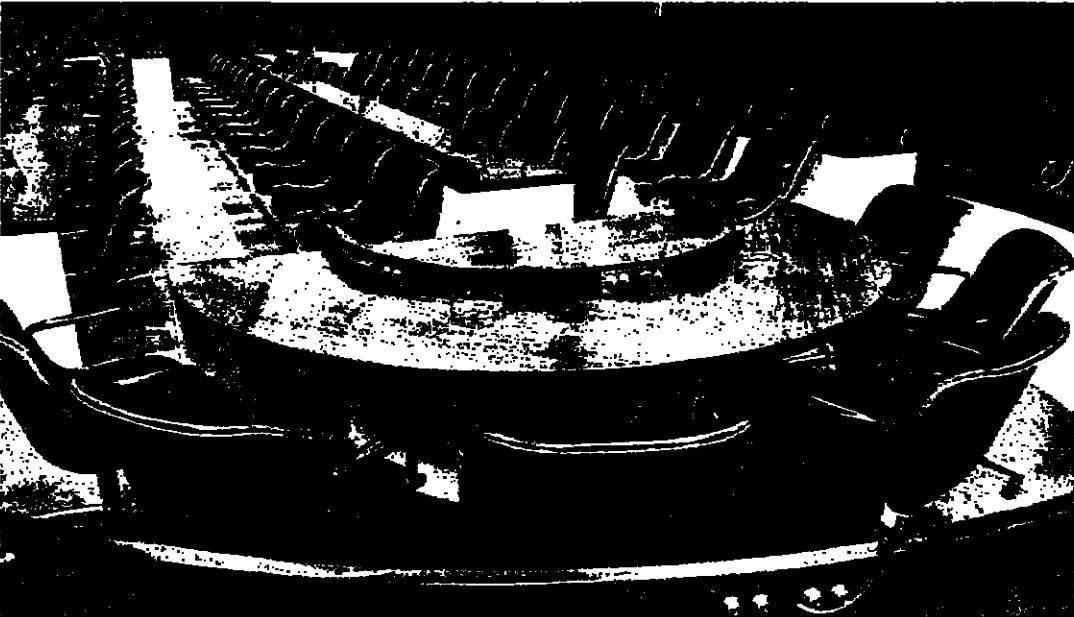
Cafeteria at the offices of Coca Cola in Zurich furnished with the Saarinen range, available from Form International in the U.K.



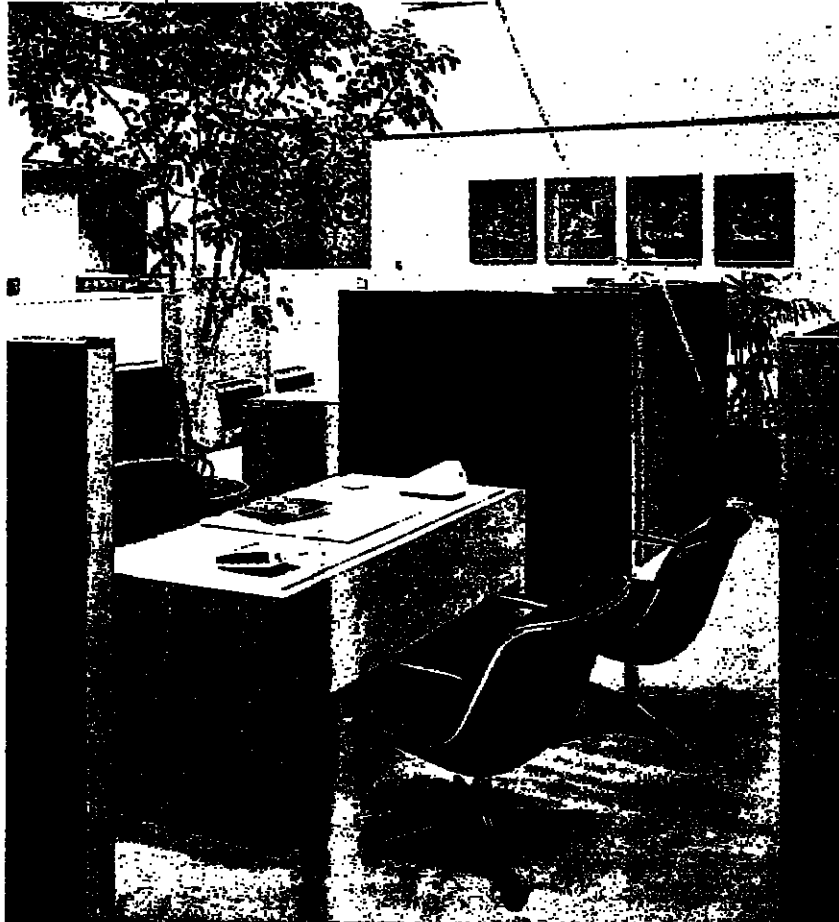
The Cathedral Church of SS Peter and Paul in Clifton, Bristol. Congregational and altar seating was provided by Hille. Special fittings were designed to hold missals and hassocks.



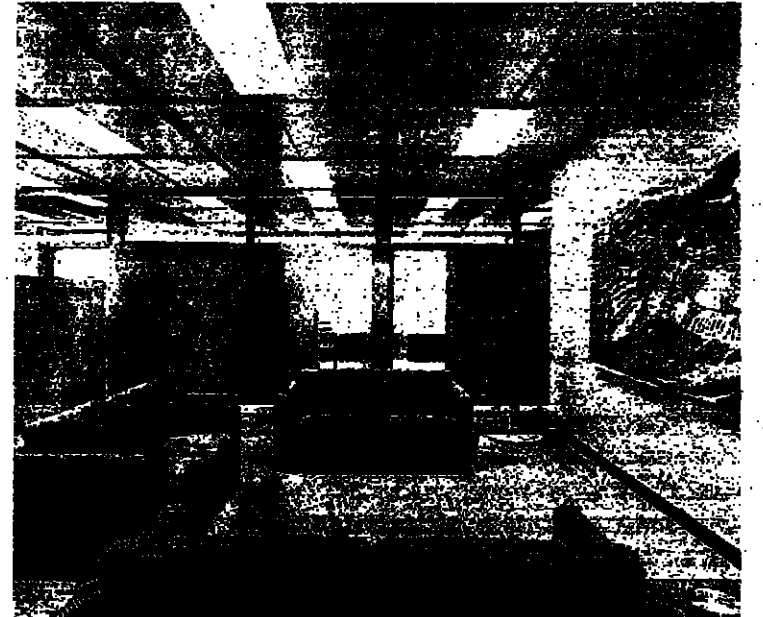
Hille has long-standing licensing links throughout South America for HOS and other products. Illustrated is an HOS installation in Sao Paulo, Brazil.



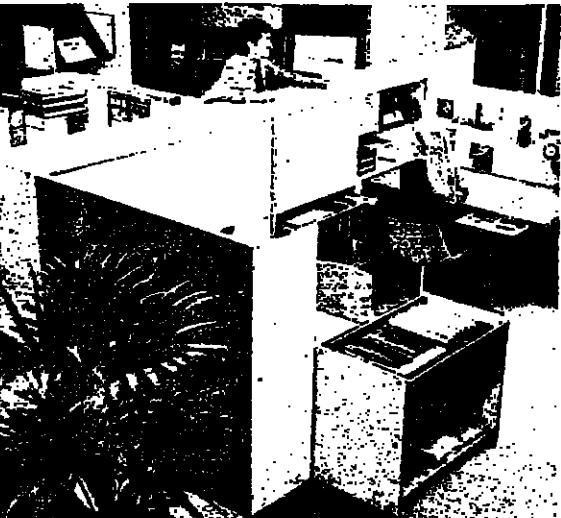
Conference Chamber at the International Sugar Organisation in the Haymarket. Specially fitted seating provided by Form International. Interior Design - Stefan Buzas and Alan Irvine.



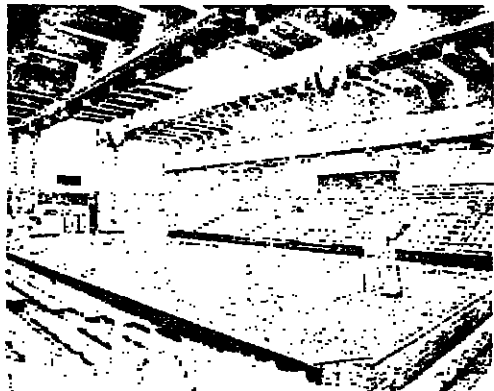
International headquarters of the Dr. Pepper Company in Dallas, Texas, furnished with the Stephens Office System, as manufactured in the U.K. by Form International.



Directors' suite at the headquarters of IBM United Kingdom Limited, Portsmouth. Individual offices and the open plan secretarial area are furnished with the Stephens Office System. The adjacent reception area has Pfister Seating.



Linked HOS carrels covering only 10.89 sq. metres provide 4 people with 3.048 metres of storage, a working surface of 1370mm x 710mm and vertical pinboard area covering 1350mm x 620mm.



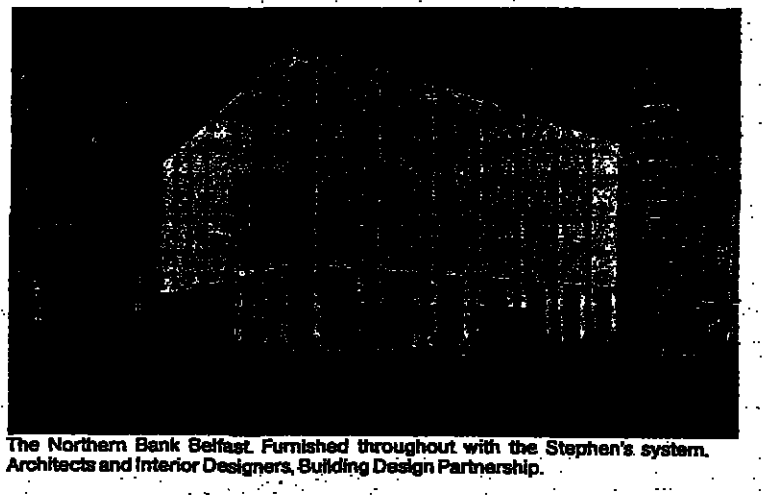
Basketball Stadium, Vicenza, Italy, fitted with the award winning Hille Polypropylene Chair Programme. Sales of the chairs now exceed 8,000,000.



Screen hung administrative work space designed for the World Trade Centre in Hong Kong. An outstanding export contract for HOS completed in 1978 and worth more than £300,000.



Mexico Olympic Stadium built for the 1968 Games. Hille won the contract to supply 38,000 seats in the main stadium. Hille specialize in mass seating indoor and outdoor projects around the world.

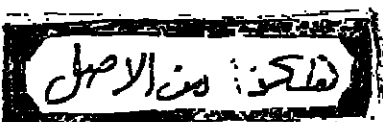


The Northern Bank Belfast. Furnished throughout with the Stephens system. Architects and Interior Designers, Building Design Partnership.



Bass Cherrington Limited's new office building in Burton upon Trent, furnished throughout with Hille Office Systems and Hille seating. The building has recently won a Civic Design award.

We are holding an office systems seminar on the 12th of July. If you are interested or need more information please contact Hille International Limited quoting reference FT/5 at Whittington House, 19/30 Alfred Place, London W.C.1. Telephone 01-580 2080. Telex 27679. Or telephone Welford (92) 42241.





HOME NEWS

Hattersley gives pledge on profit controls

BY STUART ALEXANDER

MR. ROY HATTERSLEY, Secretary of State for Prices and Consumer Protection, yesterday promised a further examination of proposals in the Price Commission Bill for new, lower, safeguards for profit levels.

BMW to launch new range

BMW, the West German car maker, will launch a new range of large cars in Britain in August.

Small chemical companies hope for growth

By Rhys David, Northern Correspondent

STRONG GROWTH opportunities may exist for smaller chemical producers in fields vacated by big groups in their search for higher volume products.

Corporate leasing curb eased to-day

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW MEASURE designed to relax the controls on corporate leasing and hire-purchase regulations comes into effect to-day.

Ulster terrorists asked to surrender guns

BY OUR BELFAST CORRESPONDENT

THE LEADERS of Ulster's peace movement appealed to terrorists yesterday to give up their guns and explosives.

Tightrope for Mr. Howell

NEWS ANALYSIS—SPORTS SPONSORSHIP

WHILE THE prospect of an early conclusion of talks on a voluntary code of practice on sports sponsorship has been channelled into sport by industry and commerce, the larger question of the Government's attitude to sports sponsorship in general has come to the fore.

Underground effluent system for ICI plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

A SYSTEM for underground treatment of effluent, pioneered two years ago by Imperial Chemical Industries, is to be used in building a £1.8m. treatment plant at Prudhoe, near Newcastle on Tyne.

TV information link to have market trial

BY MAX WILKINSON

VIEWDATA, the system which gives television owners access to pages of text stored in a computer, is to start a market trial this summer.

U.K. team expects U.S. flights to go on

BY DAVID FREED, INDUSTRIAL STAFF

THE U.K. team negotiating a new chief negotiator at the talks said yesterday remained confident that the U.S. would not carry out its threats to stop air services between the two countries on June 22 if there was no agreement by tomorrow night.

BP takeover of Century 'not in public interest'

FINANCIAL TIMES REPORTER

THE MONOPOLIES Commission has concluded that British Petroleum's bid for Century Oils would have adversely affected the interests of several ways and would have yielded no offsetting advantages.

Advertisement for 'How to get a grant of up to 22% on the cost of new industrial building, plant and machinery.' Includes contact information for various regions and a coupon to request a booklet.

Handwritten Arabic text at the bottom of the page.



دکتران و اساتذہ

ORSHIP

Howel



Photograph Gus Wyle

## Self service with a smile.

We were one of the first oil companies in the UK to introduce self-service petrol stations back in 1963, and since then we've opened about 450 more. We've done this because the majority of motorists seem to like them very much.

Even though they are self-service stations the human touch hasn't been forgotten. When you fill your own tank you can still get any help you need — and a very

friendly "thank you". No reason why a petrol station can't be efficient and nice at the same time, is there?

And the stations are efficient. They've been specially designed for that.

As petrol goes into your tank, the exact gallonage and price are fed automatically to the cashier. She'll be waiting with your bill and a cheery word when you're ready to leave.

There are other benefits. Some of the stations have a coin-operated car wash, for example. And there's the fact that you often can pick up a packet of cigarettes, a bag of sweets, and some of the other things you need without getting caught in High Street traffic.

Stop at one of our self-service stations next time you need petrol, motor oil — and a warm smile. We know it takes all three to keep you going — and coming back.

# Mobil®







LABOUR NEWS

Whitehall Government urged to spend objection huge sums on building to ICI cars plan

BY DAVID CHURCHILL, Labour Staff

ICI'S SCHEME to give its top executives company cars instead of pay rises, which should have started to fly, has been delayed because of objections by the Department of Employment.

The Department wants ICI to give it further details of the scheme and agrees to let it go ahead. ICI has already made clear to Whitehall officials that its scheme does not, in its opinion, breach the pay policy.

The company points out that the cars are being offered to senior executives instead of the 20% maximum possible under Stage Two of the present pay policy. Depending which cars were chosen by executives, their pay would be correspondingly adjusted to ensure the pay policy was not breached.

Thus a car of up to 1,200 cc would mean the executive receiving a £25-a-year rise, while a 1,600 cc car chosen would mean the executive taking a £17 drop in pay.

ICI has based its calculations on the value of a car instead of pay rise on Inland Revenue assessments for tax purposes. But the Automobile Association has recently published its own figures which suggest the value of a company car to be nearer £1,000 than the £200-£300 assumed by the Revenue.

Although the senior executive grades within ICI are not unionised, some top managers are members of the Association of Scientific, Technical and Managerial Staffs.

Yesterday, Mr. Roger Ward, the union's negotiating officer for ICI, wrote to the company to press for the speedy introduction of the scheme.

ASTMS favours increasing fringe benefits instead of straightforward pay increases as these can often give more value to managers whose standard of living has declined.

Mr. Ward also said some ICI executives had already sold their cars in anticipation of getting a new one today.

"There are going to be some very disappointed families of ICI managers today," he added.

Government urged to spend huge sums on building

BY NICK GARNETT, Labour Staff

A WARNING of widespread industrial action by building trade unions if the Government did not inject a huge amount of money into the construction industry over the next year was sounded yesterday by leading union officials.

They also emphasised that lack of a firm Government commitment to boost spending on building within the next few weeks would affect the willingness of unions in construction to support another round of pay restraint.

The four unions represented on the National Joint Council for the Building Industry and the Civil Engineering Construction Conciliation Board are demanding an extra £1.1bn. of Government investment to regenerate construction which the unions claim is now foundering in a deep crisis.

The effect so far, they claim, has been to put the whole structure of the industry at risk, seriously to affect demand for goods produced by manufacturing industries and to waste resources and bankrupt building concerns.

The union document calls for an additional £500m. for house building, £500m. for house improvements and construction work in inner city areas and £300m. for major capital projects involving the civil engineering side.

It also asks for more local authority control over the private rented sector to raise standards of house repair.

Mr. George Smith, secretary of the National Joint Council, said he believed Whitehall had gone overboard in its spending cuts and there might now be a willingness to review them.

Mr. George Henderson, of the Civil Engineering Construction Board, said the Prime Minister has been "running out of time". Construction works were no longer prepared to accept the rundown of the building industry.

Bankrupt

The four unions involved are the Union of Construction, Allied Trades and Technicians, the Transport and General, the General and Municipal, and the Furnishing, Timber, and Allied Trades Union. They say the present unemployment level of 350,000 in construction will rise to 500,000 or more by the first half of next year.

The effect so far, they claim, has been to put the whole structure of the industry at risk, seriously to affect demand for goods produced by manufacturing industries and to waste resources and bankrupt building concerns.

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Unions end two-year feud at Linwood

Financial Times Reporter

AN IMPROVEMENT in troubled industrial relations at Chrysler's Linwood car plant is expected with the ending of a two-year feud between the factory's two major unions, the TGWU and AUEW.

In a deal expected to be ratified soon, the unions have agreed on the number of seats, each shall hold on the powerful joint shop stewards' committee, sole negotiating body for the plant's 5,500 hourly-paid employees.

The agreement will enable the transport union to abandon its independent stance outside the committee, which has faced management with the problems of negotiating separately with the largest union at Linwood (nearly 4,000 members).

The basis of the agreement is that the transport union should have six of the 16 seats on the joint stewards' committee. The engineering union has accepted a reduction from six seats to four.

With most of the blame for Chrysler's production shortfalls in the first three months of this year falling on the Scottish plant, there is intense pressure to build up output from its present level of about 38 cars an hour to more than 50 by August when the new 424 model goes on to the assembly line.

Bullock laws would disrupt industry, city leaders warn

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that legislation based on the Bullock Report's worker director proposals would fundamentally change Britain's stock company system and seriously restrain take-over activity is issued today in a document by the City Company Law Committee.

Called "A Reply to Bullock," the document has been sent to Mr. Edmund Dell, Secretary for Trade, by the committee, which consists of leading banking and other City figures under the chairmanship of Mr. J. F. C. Hull, chairman of J. Henry Schroder Wagg.

Its views come at a time when it is already clear that the Bullock Report will not be implemented in full. Nevertheless, any worker director system would require some changes in company law because of the impact it would have on the relative power of shareholders.

The committee condemns the Bullock proposals as a "neo-socialist structure of joint regulation by shareholders and union-appointed employees" and warns: "We are strengthened in our belief that the compulsory introduction of employee Board representation could damage rather than improve the efficiency and profitability of the private sector in the long term, while causing severe short term disruption to the management of the every major company in the U.K."

Removing the ultimate control of a company from its shareholders would involve a fundamental change in Britain's joint stock company system, says the committee. On takeovers, the committee says the Bullock proposals "constitute a major threat to the procedure whereby a company, through the machinery of a general offer to the shareholders of another company, acquires control of that other company."

Making directors take equal account of the interests of shareholders and workers would also give rise to a "confused legal position with obligations on directors that were difficult to determine and impossible to enforce."

Worker directors should take up only one-third of a boardroom's seats, with shareholder representatives having the other two-thirds, according to the Industrial Participation Association. In its ideas for legislation it says any laws should provide for flexibility and voluntary arrangements, and that worker director schemes should only be introduced where 50 per cent of the workforce want them. All employees should be invited, although candidates for the Board should be nominated through trade union channels.

City Company Law Committee. "A Reply to Bullock" Charles Parker 1977, 20 Park Avenue, London, E.C.4. Price 75p.

Industrial Participation Association: Industrial Democracy—An Acceptable Solution, 171, 23, Buckingham Gate, London, S.W.1. Price £1.50.

'Defection' warning to Labour

BY CHRISTIAN TYLER, Labour Correspondent, in Southport

THE GOVERNMENT was warned yesterday that some of its recent decisions could lead to defection of its trade union supporters at the next General Election.

Its decision to over-ride the Price Commission and raise gas charges and its delay in implementing parts of workers' safety legislation were the main targets at the annual conference of the General and Municipal Workers' Union in Southport on the eve of its vote on the future of incomes policy.

Today's debate on the social contract is, however, expected to leave Britain's third largest union in favour of another pay policy agreement of some kind.

Most of the union's ten regions have decided how they will vote on a resolution put up by the national executive committing the union to "an orderly return to voluntary collective bargaining," provided the Government comes up with explicit action on prices and jobs—in other words a reflationary budget in the summer.

Mr. David Bassett, general secretary, appears confident that he has a majority of the regions in his support despite the strong feeling against wage restraint expressed in branch resolutions.

One of yesterday's warnings on the mood of the Labour vote came from Mr. John Edmunds,

national officer for the gas industry, where the GMWU is the dominant union. He said one and a half million of the recent by-election defeats could be attributed to the gas price rise.

Another issue angering delegates was the postponement to October next year of rules representative regulations,

which would set up trade union safety representatives and committees in workplaces under the Health and Safety at Work Act. The delegates carried resolutions demanding withdrawal of the gas price rise and immediate implementation of the safety representative regulations.

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APPOINTMENTS

Birmid Qualcast executive posts

Mr. Brian K. Fitton, group managing director of BIRMIID QUALCAST, has been appointed to the additional post of group deputy chairman. Mr. F. T. Davies has become assistant group managing director and continues as chairman of the foundries division. Mr. P. J. Praterley, managing director of the home and garden equipment divisions, has been made chairman of that division in succession to Mr. H. Clarke, who has relinquished the position but remains on the board until his retirement on October 31. Mr. A. L. Emson, formerly group chief accountant, joins the main Board as group financial director. Mr. A. W. Galbraith, secretary, is now group administration controller.

Mr. Anwell Eserton, a director of J. Henry Schroder Wagg and Co., has been appointed managing director of STANDARD CHARTERED MERCHANT BANK from July 1. On that date he will resign from the Board of Schroder Wagg.

Mr. W. P. Miller and Mr. P. E. Clouston have been appointed to the Board of GALLAHER.

Mr. H. J. Blackboro has been appointed to the Board of FISON'S in addition to his present position as chairman and managing director of Fisons Pty., Australia.

Mr. R. G. Manwaring, vice-chairman of MIDLAND BANK INSURANCE SERVICES, has retired from full-time duties but remains with the company as a non-executive director in an advisory position. Mr. Kenneth C. Green, managing director, is now chief executive.

Mr. G. E. Ashworth, Mr. S. Burns, Mr. G. E. Carr, Mr. S. J. J. Winer, Mr. E. P. McEneaney and Mr. A. N. Whiting, executives of DAVY INTERNATIONAL, have been appointed to the Board. Mr. P. W. Robinson has been made non-executive director. Mr. McEneaney and Mr. Robinson are managing director and non-executive chairman, respectively, of the recently acquired Herbert Morris.

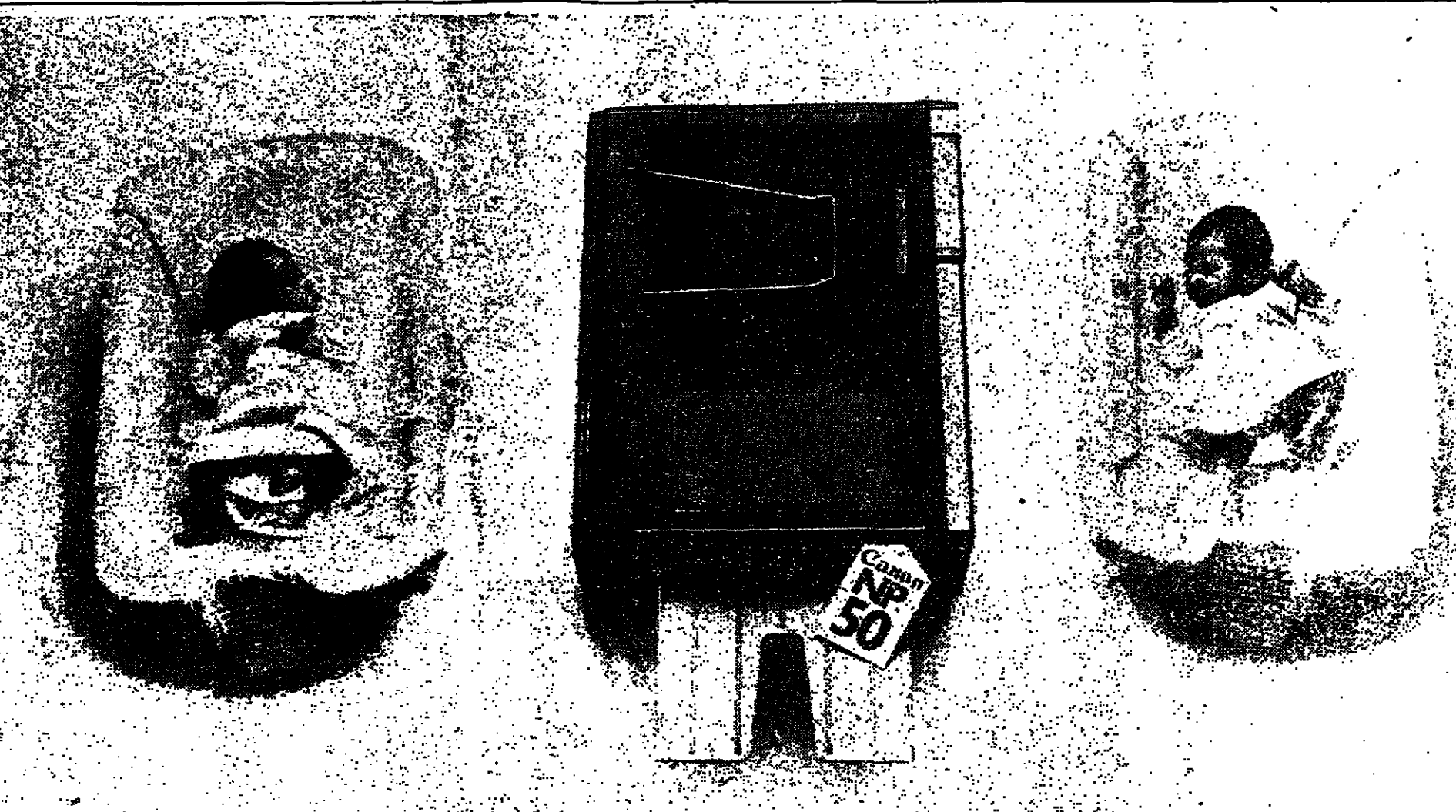
Mr. B. T. Hill and Mr. W. J. Dangerfield have been appointed directors of GUY BUTLER (INTERNATIONAL), currency deposit and foreign exchange brokers.

Mr. Ian Hedley will become a deputy general manager of the L.N. division of the COMMERCIAL UNION ASSURANCE COMPANY on July 1. He will be succeeded as general manager, Hibernian Insurance Company, by Mr. Eamon Walsh.

Mr. Charles S. Jones, assistant general manager (marketing) of SCOTTISH LIFE ASSURANCE SOCIETY, is returning to the company after a period of absence.

Mr. Peter Davis and Mr. David Esterle have been appointed directors of MORGAN AND CO. (INSURANCES) NEWCASTLE.

Mr. Peter Davis and Mr. David Esterle have been appointed directors of MORGAN AND CO. (INSURANCES) NEWCASTLE.



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Advertisement for Canon copiers showing four models: NP2, NP500, NP70, and NP75. Each model is accompanied by a brief description of its capabilities and a small image of the copier. The NP2 is described as a compact copier for copying up to 10 1/2" x 14" originals. The NP500 is a general office copier for copying up to 11 1/2" x 17 1/2" originals. The NP70 is a compact copier for copying up to 11 1/2" x 17 1/2" originals. The NP75 is a compact copier for copying up to 11 1/2" x 17 1/2" originals. The advertisement also includes a coupon for requesting more information and a contact address for Canon Business Machines (UK) Limited.

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# FINANCIAL TIMES REPORT

Wednesday June 1 1977

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# Local Authority Finance

There is considerable dissatisfaction about the methods of raising revenue by local authorities and the Government is attempting to exert greater control on spending. Changes both in the rate support grant and in the whole system of rating procedures are being considered.

## Conflict of objectives

By Colin Jones

FINANCIAL RELATIONS between local and central government in this country are largely determined by the interplay of three differing and in some respects conflicting political objectives. The first is the desire to promote a wide measure of decentralisation of governmental power. The second is the desire on the part of Westminster to influence the choice of priorities in public spending programmes irrespective of the level of government undertaking those programmes. And the third objective is the desire by central government to maintain some control over the aggregate level of public spending, including that part (almost a third) which is undertaken by local authorities.

The first motive is the oldest and can be traced back to the origins of local civic government in Tudor times. The second goes back to the middle years of the 19th century when the modern era of local government can be said to have begun with the reform of the police and the administration of

justice, followed by the social welfare advances of the 1870's. The capacity of the rating system was so stretched by the expansion of local services which took place then—and which has continued more or less to this day—that central government was obliged to begin paying Exchequer grants to supplement local authorities' own more limited and very unevenly distributed resources.

The third motive—control of public expenditure—is the most recent. It arose when central government first assumed responsibility for the overall management of the economy towards the end of World War II. But in recent years it has become the most dominant of the three. This is not only

because a period of very rapid growth in local expenditure in the first half of the 1970's was followed by a world-wide recession and eventually by the need to bring the growth of public spending as a whole to a halt. It would have grown in importance anyway because of the increasing scale of local government activities. Between the early 1950's and the early 1970's the proportion of gross domestic product absorbed by total local government expenditure almost doubled from 9 per cent. to about 17 or 18 per cent.

For the time being at least the period of expansion in local services has ended. The returns of local authority budgets for 1977-78 show that local current spending in real terms this year

is likely to be only about 1 per cent or so higher than last year, while if capital spending (which has been declining for the past three years) is included, then the growth of local spending as a whole really came to a halt in 1975-76. This is the first time for very many years that such a sea-change has been brought about, and it has been achieved by a combination of coercion and exhortation.

Central Government has made full use of its control over local borrowing to induce a decline in capital spending. Steps were also taken to refurbish the effectiveness of the rate support grant mechanism as a lever over local current spending. The grant was made subject to a cash limit and the old tradition of "trend extrapolation"—whereby the slate was wiped clean each year irrespective of whether the current year's spending was exceeding the guidelines—was dropped.

Neither of these measures would have been sufficient by themselves, however. So long as local councils retain their autonomous tax-raising powers, a change in spending trends of the kind we have seen can only occur if there is a consensus among local authority and central Government, which is why the decision two years ago to set up a Consultative Council of Ministers and local authority leaders was of such decisive importance.

The measure of consensus between the local authority associations and the Government is about to be put to the test, however, by the Government's response to the report of the Layfield committee on local government finance. The contentious issue here is not the Government's failure to take up the committee's idea of a local income tax surcharge as an additional source of revenue

for local authorities. There was never the least chance of the Government accepting this proposal, or the committee's "polarisation" of the argument as an unavoidable choice between a predominantly localist solution and a predominantly centralist one. Nor is there likely to be much fuss about the Government's ideas for enhancing the role of the district auditor and for reviewing the policies underlying local fees and charges. With so much of the national income now going on the provision of unmarketed local services, there is every case for ensuring value for money.

### Hankering

The dissension will arise over the Government's hankering for an entirely new form of rate support grant. As is explained in another article, the new authorities could be reduced to a status akin to today's area health authorities.

The importance of household rates could of course be reduced by transferring the full cost of certain local services to the Exchequer. It might also be possible to find another basis for assessing dwelling houses other than rental or capital value. But that rates are disliked because they do not reflect ability to pay, or so it is popularly thought. That inevitably points to some form of income tax, yet there is really room for only one income tax in this country.

Until the Conservative leaders have resolved this and other issues, and are in a position to unveil their approach to local government finance, the future of the rating system will be the biggest single shadow over-hanging local authorities. For if rates are replaced by government grants, local government as we know it to-day will have vanished.

## The borrowing requirement

THE SHEER size of the local authority borrowing often comes as something of a surprise to the layman. The National Debt amounts to £54bn, and on top of this must be added another £29bn of local authority outstanding debt. By any reckoning the local authorities are very important users of the City's capital and money markets.

In its latest Return of Outstanding Debt, for March 31, 1976, the Chartered Institute of Public Finance and Accountancy (CIPFA) gives details of the debts of 53 counties, 31 London boroughs, the Greater London Council, the City of London, 36 metropolitan districts, 290 non-metropolitan districts and eight separate police authority loan funds. At one extreme, there is the GLC, which has an outstanding loan debt of £1,977bn, while at the other extreme is Oadby and Wigston, in Leicestershire, which at the last count had total debts of £3.8m. In between there are places like Merioneth, Ynys Mon, Tafrili and Cleethorpes and on any one day it is more than likely that one of them at least will be raising money. Rarely do lenders discriminate because of an authority's size, and the Vale of the White Horse in Oxfordshire should be able to raise finance just as easily as the GLC.

Some idea of the local authorities' dependence on public and private capital can be gauged from the breakdown of their total outstanding debt. CIPFA's most recent figures show that 12 per cent of authorities' debt is categorised as temporary loans, another 8.2 per cent is termed "revenue balances," effectively working capital temporarily used to finance long-term investment, and 19 per cent of the debt is in the form of local bonds.

However, by far the biggest part (38 per cent) of all local authority borrowing is in the form of loans from the Public Works Loan Board. The PWLB is an independent statutory body which dates back to 1817 and is run by 12 unpaid commissioners. Local authorities are entitled to borrow from the PWLB 30 per cent of their reckonable capital expenditure, plus 3 per cent of their outstanding capital debts subject to a minimum of £500,000. For some of the poorer parts of the country the proportion of capital expenditure rises to 40 per cent and 4 per cent of outstanding capital debt. In the last financial year three-quarters of all local authorities borrowed from the PWLB, but there is a limit to how much

	Per cent of total
Temporary loans	12.0
Revenue balances	8.2
Stock	6.2
Negotiable bonds	3.1
Bonds	15.9
PWLB loans	38.3
Mortgages	12.0
Other	4.3
Total	100.0

Source: CIPFA

money the PWLB can lend, and in the last few years local authorities have become increasingly reliant on non-PWLB finance. The Minister of State at the Treasury, Mr. Denis Davies, recently estimated that authorities now borrow more than half their funds from the market.

A very useful guide to the intricacies of local authority financing has recently been published by stockbrokers, Phillips and Drew, entitled, "Local authorities in Britain—their financing and the security they offer to lenders." The authors give a case study of the financing of a typical local authority—the City of Coventry. Over the last year Coventry's outstanding debt grew by £18.2m. Within this total figure, Coventry raised £10m of stock, £5.3m of PWLB loans and £10.5m of other bonds. At the same time it repaid £16.6m of temporary loans. These figures may not sound large but in fact Coventry turned over £1.2bn of total debt during the 12-month period, which goes to show that though the net figures involved may be relatively small the gross financial flows are very substantial.

Coventry's experience during its 1975-76 financial year is fairly typical, and it underlines the local authorities' growing dependence on non-PWLB sources of finance. Under current legal requirements no more than 20 per cent of a local authority's outstanding debt may have an initial term of less than one year, and of this no more than three-quarters may have an initial life of less than three months. As interest rates have been rising steadily over the last few years the authorities' natural reaction has been to refinance their debt for shorter and shorter periods in the hope that eventually rates would fall.

This has meant that Town Hall treasurers have been making increasingly frequent trips into the short-term money markets, and while they still have to abide by the 20 per cent rule for new term debt, the proportion of total debt falling due within a year has, in fact, risen to almost 40 per cent.

For local authorities the short-term money markets can be divided into two parts. On the one hand they can take deposits on some form of notice—seven day notice is probably the commonest type. And while such deposits are termed "on call," many financial institutions have seven-day notice money running with local authorities for years. The second type of short-term deposit for local authorities is the loan with a fixed initial term. Often it will be fixed for an initial term of three months and then at seven days notice.

However, the shortening debt profile of the local authorities has been worrying the Government for some time because it has meant that the turnover at the shorter end of the market has been increasing rapidly. The greater the turnover, so the argument goes, the more likely the threat that a local authority could be temporarily embarrassed if a large lender suddenly withdrew its funds, and this in turn could affect confidence in the rest of the market. Consequently, the local authorities and the Treasury have been discussing a voluntary code of borrowing conduct which is intended to lengthen the average debt profile.

### Searching

The impact of the voluntary code on the market's rate and term structure is still far from clear, but obviously the authorities are going to be searching for more longer-term money than they have in the past, and this will undoubtedly put pressure on longer rates *vis-à-vis* the short end of the market. Already, the code's influence is being reflected in the growing number of corporation stock issues with a maturity of five years plus in the pipeline and the Bank of England's informal queue of authorities wishing to tap this market is now running well into next year, apparently.

Over the past couple of years the so-called "yearling" negotiable bond has become increasingly important, but as authorities start lengthening their debt profile the proportion of bonds with three, four and five-year maturities is rapidly increasing. By contrast, another part of the long-term market on which the local authorities used to place great reliance, the so-called "lenders option" market has in the opinion of Bernard Fison, Phillips and Drew's money market partner, been "virtually killed" by the new code, since the term of such loans is now to be judged by the earliest maturity date and not the theoretical maximum life of the loan.

William Hall

fold. In the first place, such would depend upon the reasonableness of the methods used for assessing local expenditure needs. Secondly, local authorities fear that they could be much of their present freedom to vary expenditure at the margin if the process became explicit. On the one hand they would arouse the wrath of rate payers if they spent more than the national standard, and they had to levy an above-average rate call.

On the other, they could expect to be subjected to pressure from various lobbies if they chose not to spend as much as other authorities and thus levied a below-average rate call.

### Abolish

The scope for local discretion would be reduced even more drastically, however, if an incoming Conservative Government proceeded to abolish household rates altogether. For—as is also explained in a later article—local councils could also expect to lose their control over the rating of business and commercial property if household rates were replaced by increased government grants. This would inevitably have an effect upon their borrowing powers and eventually local authorities could be reduced to a status akin to today's area health authorities.

The importance of household rates could of course be reduced by transferring the full cost of certain local services to the Exchequer. It might also be possible to find another basis for assessing dwelling houses other than rental or capital value. But that rates are disliked because they do not reflect ability to pay, or so it is popularly thought. That inevitably points to some form of income tax, yet there is really room for only one income tax in this country.

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LOCAL AUTHORITY FINANCE II

Rate system under review

ALTHOUGH IT is now more than a century since local councils in this country began to finance part of their activities from central government grants, rates still yield enough to pay for almost a third of local authorities' total current expenditure and they are still very much a traditional and essential part of the local democratic system. Any change in the rating system, therefore, could have vital implications for the way local government operates.

Changes, however, there have been, the scarcity of free market rental evidence for dwelling houses was already causing concern long before the 1973 revaluation. In that year about 44 per cent of all homes in England and Wales were rented, but only 13 per cent were rented from private landlords and, according to the Inland Revenue Valuation Office, less than 2 per cent were let at rents which could be grossed up for rateable value purposes. In some areas open market rentals were available for as few as two houses in a thousand, while the shortage was particularly acute in most parts of the country or houses which had been built since 1945 and which, in all, now constitute almost half the total housing stock. One is not surprised, therefore, that the Inland Revenue Valuation Office should have more or less formally advised that another revaluation on the present rental value basis could not be envisaged.

Substitution

Unfortunately, the question of what should be substituted for the present system looks like becoming a matter of sharp party political contention. On the one hand, the present Labour Government—like the Layfield committee a year ago—has accepted the virtually unanimous advice of the Inland Revenue Valuation Office and the officials of the Department of the Environment in favour of using capital values as the basis for assessing residential property. On the other hand, one finds the Conservatives still apparently adhering to Mrs. Margaret Thatcher's pledge to abolish domestic rates in their present form, although without as yet saying exactly how they would propose to do this.

Support grant may alter

THE RATE support grant has been described as the rogue elephant in local authority finance, and there is a lot of justice in that comment. For the grant mechanism is meant to serve three quite different and to some extent conflicting objectives. It is supposed, in the first place, to relieve ratepayers of the full cost of local government services, and to do that in such a way that does not impinge too much into the autonomy of local decision making. Second, the rate support grant is intended to compensate local authorities for differences in their needs and resources in such a way that, by and large, ratepayers in different areas are not called upon to pay widely differing rate poundages for broadly the same standard of services. Finally, the grant mechanism has come to be used by central government in recent years as a lever whereby it can influence the level of local government current spending according to the requirements of the Government's demand management policies.

It is not only hard for the grant mechanism to ride all three horses at one and the same time. The present grant system has not even been designed to be able to pursue at least two of these objectives fully and fairly. For example, the element in the rate support grant which is designed to compensate for differences in local authorities' rateable resources is a deficiency payment and does not achieve full equalisation; and further moves towards equalisation have been resisted—that it is unfair to allow councils that choose to spend disproportionately more than others to use the resources element to mulct the taxpayer to help pay for the excess.

Similarly, the system of needs assessment comes under more or less constant criticism (another search for improvements has now been put under way). As for the third and latest objective, the grant mechanism was never designed to be an economic control instrument for central Government and is totally unable to discriminate between councils which are ignoring the Government's guidelines and those which are not. Accordingly, when "sanctions" in the grant mechanism are invoked—as in the last couple of years—the "penalties" are visited upon everyone.

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Chartered Institute of Public Finance & Accountancy

In favour of the adoption of capital values, several arguments can be advanced. Such a change may not make the rating system less unpopular, but it should make it seem more comprehensible to the ratepayer than one based upon what—in all but a few instances now—days—is a notional rental value. Second, it should—subject to certain provisos—make the rating system more progressive. And, third, it would be more logical now that more than half of all homes in England and Wales are owned by their occupiers.

For the same reason rental values are still being retained for next year's revaluation in Scotland, where fewer houses are owner-occupied and where more evidence of (balanced market) values appropriate to Scottish valuation methods is available. The same point is observed abroad. Capital values are the basis of assessment for the local property tax in the United States, West Germany, Denmark and Luxembourg, while rental values are used in France, Belgium and the Netherlands where renting predominates.

The arguments are not so clear cut as to make the adoption of capital values universally acceptable, however. In the first place, it would subtly change the nature of household rates. Instead of being a tax upon a particular source of income, rates would now seem akin to an annual capital tax—at least to owner-occupiers.

Second, the comprehensibility of the new system could be clouded somewhat by the way in which certain technical problems were handled. Because of the greater volatility of house prices as compared with rents, each revaluation would have to be related to a period rather than a set day, houses and flats would have to be brigaded into a series of valuation bands and regular revaluations would be essential. So that a common rate poundage could be levied on domestic and non-domestic property (which would still be valued on a rental basis), a divisor would have to be applied to the capital values of domestic property or, alternatively—and much better from the presentational point of view—a multiplier applied to the non-domestic sector.

Third, a valuation list based upon capital values would bring sharp changes in the incidence

The worst aspect of the present system is the impact that changes in the grant distribution formula—especially if they coincide with changes made for demand management purposes—can have upon the pattern of local rate calls. This is where the rogue elephant comes in, and it is a problem that is bound to become even more difficult. For the larger the proportion of local spending which is financed by the grant, the more important it becomes to make sure that the distribution of grant is fair. Fairness, however, means adjusting grant shares in line with demographic and other changes. Yet the bigger the ratio of grant to total local spending, the higher the gearing effect of such changes upon local rate calls.

Increases

This is why, for example, rates burdens in the "shires" have tended to rise more rapidly in recent years. The share of grant going to rural areas has tended to be reduced and the share of urban authorities increased. Even if this makes for a fairer distribution of grant, it certainly makes the entire rating and grant system less comprehensible—and perhaps also less acceptable—to the ratepayer.

There are only two ways of dealing with rogue elephants. One is to see if one can tame them; the other is to replace them with an altogether different animal. There can be no doubt which course the Department of the Environment and the Treasury favour and that is the second. Last month's Green Paper talked very earnestly and no doubt sincerely about the need to discuss all aspects with the local authority associations and indeed even more widely still. But at the end of the day the present Government would like to have an entirely new grant mechanism—the unitary grant.

In some respects, the unitary grant would be far preferable to the present system. It would be simpler. It would approach much closer to full equalisation in compensating authorities for differences in needs and resources. It would bring out

help to undermine the public's willingness to accept the switch to capital values or even—given that it would be ten years since the previous revaluation—pose a threat to the public's tolerance of the rating system as such especially in view of the fact that the Conservative Party is still saying it would abolish domestic rates. One of the Conservatives' main arguments against the present rating system is that it does not adequately reflect ability to pay. In practice, household rates are much less regressive than they were (and capital values, plus rebates, would make them even less regressive). One can also argue whether it is the progressivity or otherwise or the totality of the rating system, rather than just one part of it (that is rates), which is important. But there is no doubt that failure to reflect ability to pay is a widely held view of the domestic rating system. Mr. Michael Heseltine, the Conservative front-bench spokesman on the environment, has also made it very clear that his Party would regard a system based upon capital values as "even more unsatisfactory" than one based upon rental value.

Change

The big worry, however, is that the Conservatives have not yet explained what they would have in place of domestic rates "in their present form." Another scope for adopting another form of local property, sales-patrol, poll or motoring tax or a local income-tax surcharge is virtually nil. One is driven

to the conclusion that the only real alternative is increased Government grants. If domestic rates were abolished altogether, then local authorities could expect to lose control of the non-domestic rate (which would probably become a nationally-set and nationally-appropriated tax). This in turn would mean that local councils would no longer have the freedom to vary their spending at the margin and they would also no longer have the same scope for raising and servicing their own loans. In short, the whole basis of local government as we now know it would have gone. The implications are so considerable that one trusts that Mr. Heseltine will soon be in a position to tell us more about his Party's detailed thoughts.

C.J.

Changes in housing

DESPITE THE massive increase in resources devoted to housing—investment in England in the public sector has been a third higher in the last three years than in the previous three and there is now a crude national surplus of homes—acute housing problems remain. Until the end of the last decade, the major emphasis was placed by Government and local authorities on eliminating slums and making good a gross housing shortage by the most direct means: building, clearance and rebuilding. It eventually became recognised, however, that this policy represented at best only a partial solution to the nation's housing problems and that the value of improving and fully utilising existing housing stock was just as important as new building. In future, the transformation of people's living conditions will come through gradual renewal or rehabilitation or a mix of both.

Emphasis

This according to latest Department of the Environment thinking, will mean a new emphasis on a more systematic and consistent approach to assessing housing needs. It should not involve a "one-off" exercise but form a continuous process, with the results regularly introduced into the authority's forward programming. A major part of the forthcoming Green Paper on housing policy will involve proposals to remove the rigid compartments which now separate the various programmes of housing investment. The idea is that authorities will be able, within overall budgets allocated on the basis of relative need, to order

their own expenditure intends to sustain public and private housebuilding at high levels, although the present record on both fronts leaves something to be desired, to preserve a healthy housing market and to regenerate inner urban areas.

Such thinking has already been reflected in the Government's decision to introduce specific allocations for authorities for municipalisation rather on the lines of the Section 105 rehabilitation allocation and in allowing authorities to switch up to 20 per cent of one programme to the other. Similar arrangements for private sector improvement grants are also being considered.

This, however, was merely a taste of what is to come and a system of comprehensive capital investment budgets related to local housing strategies and programmes is now being introduced.

In April, Mr. Peter Shore, Secretary for the Environment, unveiled the first part of proposals which he expects will enable local housing authorities to respond more sensitively to local housing needs.

In 1977-78, local authorities will have much greater flexibility in deciding what capital expenditure on housing to undertake within their overall allocations. There will be four capital expenditure groups: housebuilding; acquisition of homes, improvement to local authority houses and slum clearance; grants for improvements and loans for house purchase and housing associations. Within a group, local authorities will be able to switch expenditure to one type of activity to another in order to meet local needs. They will also be able to transfer a proportion of expenditure between different groups, the maximum movement allowed being 25 per cent. Authorities can, at the same time carry forward an underspend to the following year or anticipate the following year's expenditure, within certain limits.

The present Government believes that, providing the new system is simpler and more coherent than its predecessors, there will be very few people who will mourn the passing of the old arrangements. A system of housing budgets, it believes, should not in any way diminish a local authority's real area of discretion over its housing policy.

Intention

Quite the reverse is anticipated. The intention is that the system of housing plans and budgets should increase the freedom of authorities to do the job as they think best within parameters agreed with central Government. The new system, says the Government, should end the present distortions and niggling interferences of the present financial regime.

But deploying the resources to where they are most needed will not be enough. They must, says the DOE, be used with much greater efficiency than at present, an area which has in the past often been shamefully neglected.

Many public sector housing schemes are far too long, with consequent heavy and unnecessary costs, although waste of resources is by no means confined to the local authorities. Rehabilitation unit costs, design and administrative costs generally can also be reduced and there is scope for reducing the proliferation of basic house designs employed by different authorities.

But although recent public expenditure decisions have cast their shadow—not least in the shape of last year's reimposition of controls on new building—the Government is anxious to emphasise that none of its basic policies have changed. It still

C.J.



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Michael Cassell

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A Great Deal in British Banking



Handwritten Arabic text at the bottom of the page.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PROCESSES

### Raw material recovery

**EQUIPMENT FOR THE RECOVERY** of valuable raw materials from scrap is being developed and marketed by Osro in the U.K. and Strunz in West Germany. The system is based on a Siemens patent.

Basically an incinerator, it can be used for a variety of recycling processes, such as the detaching of suspension jigs used in electrostatic painting; metal recovery from old cable and cable ends, or motor windings; removal of oil and grease from metalworking swarf, and disposal of plastic and resin wastes. Any metal covered with paint or contaminated with any sort of hydrocarbon can be treated and the basic raw materials recovered.

The company says that the savings possible often allow the equipment to be amortised within three or four months.

It is claimed that there is no atmospheric pollution. Contaminated materials are placed inside a chamber and indirectly heated by the hot gases generated by an oil or gas burner. As the material is heated the hydrocarbons are driven off, and fed back to the combustion chamber where they are used to generate further heat.

The maker says the exhaust gases are odourless, and once in operation the process is largely self-fuelling. If PVC or similar plastics are incinerated, toxic gases are formed, and a gas scrubber must be used. Furnace capacities at present available range from 0.5 to 120 cu. metres.

Details from Osro, Mark Road, Hemel Hempstead, Herts., HP2 7BX (0442 2181).

### Press for foam panels

A RANGE of hydraulic presses has been developed for the production of foam panels, such as those used for refrigerator and freezer insulation, cold stores, refrigerated vehicles, and as wall insulation panels.

Presses available range from cold presses for 1 metre square panels to end-loading presses for panels up to 5 metres long (more if required) for flow-line production. Presses with heated platens can also be supplied.

The presses can be built with fully automatic opening and controlled pressure release. All except the smallest machines include at least one compensating rack and pinion mechanism to ensure parallel opening and closing of the press. Rollers can be built into the table of every type to facilitate loading and unloading.

A safety guard trip wire encircling the base of the machine, which immediately stops the machine if touched, can also be incorporated.

Details from the maker, Interwood, Stafford Avenue, Hornchurch, Essex RM11 2ER (Hornchurch 52591).

## COMPONENTS

### Synchronism made easy

THE ORTHODOX method used in professional studios for running taped sound in synchronism with film is both costly and complex because of its dependence on a three-phase ac power supply.

In conventional interlock systems, the motor drive to the projector is provided by a three-phase synchronous motor connected by a toothed belt, which runs at a pre-determined speed of either 24 or 25 frames per second. Speed change is achieved laboriously by altering the pulley ratio between motor and projector. The normal three-phase motor used is bulky, but offers capable only of intermittent running. It is difficult to mount on to 16mm projectors and creates design problems because of the vibration it causes.

Designed for use with both 16mm and 35mm film, the Edit system gives synchronism with reel-to-reel magnetic tape or cassette sound sources—and without the need for a three-phase power supply. Edit provides continuous frequency driving a pulse operated motor, which is connected to a projector's main drive shaft through a toothed belt.

The running speed of the motor can be varied by simply altering the frequency of the control signal, the toothed belt ensuring a positive lock at all times, running or stationary.

Speed selection is electronically controlled for up to 50 fps, in both forward and reverse, while locked into the mains frequency. The standard motor drive at either 25 or 24 fps. Each single frame change is operated by 200 signal pulses and the single-frame control button is designed to advance or retard the film by precisely one frame at a time to within an accuracy of one pulse.

### Agreement on valve production

AN AGREEMENT between Adamson and Hatchett of Dukinfield, Cheshire, and Chronister Valve Company of Houston, U.S., which comes into force today, gives the U.K. company the right to manufacture Chronister valves in this country.

Adamson and Hatchett, which is a member of the Arcrow Group, is initially to offer conventional types of Chronister positive sealing gate valves mainly for pipeline requirements.

The first to become available will be the CF2100 through-conduit gate valve. This will be offered in a range of body configurations designed to meet particular pressure requirements.

The valves will be made from steel pipe and plate in diameters up to 24 inches and their gates will be activated manually or by electrically or hydraulically powered systems. Gases, liquids and slurries can be controlled by these valves.



This is the camera head of a new EMI portable colour television camera equipment to be launched this week at the Montreux Television Symposium. It fulfils a universal demand by broadcasters for a genuine lightweight unit which, says EMI, most manufacturers have failed so far to meet. The camera head with three-inch viewfinder and a 12:1 f1.7 zoom lens weighs about 7½ kg while the electronics unit, which can take the form of a backpack, weighs about 10 kg.

Alternatively the two can be separated by up to 120 metres of lightweight non-kinking cable. EMI describes the picture quality as "uncompromising": signals comparable with those from heavy studio cameras are generated from a ½ inch Saticon or lead oxide pickup tube. Designated 2008, the equipment is available in 625-line 50-field or 525-line 60-field versions and can be powered from any ac mains or from 12V dc. More from EMI Sound and Vision Equipment, 252 Blyth Road, Hayes, Middx. (01-573 8888).

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## TEXTILES

### Prepares the sheets for processing

MACHINERY WHICH is expected to appeal strongly to companies needing to prepare fabric for subsequent processing has been successfully developed by one of Britain's smaller textile machinery makers.

The company Smith (Textile Machinery, part of Smith Holdings (Whitworth) is hoping the machinery, recently demonstrated in operation at Vordle Fabrics, Chintley, Derbyshire works, will attract buyers at home and abroad.

The equipment at Vordle Fabrics, part of the Vardon Group, is claimed to be the biggest open-width processing range of machinery of its type in the world. The range is being used to prepare polyester-cotton blend sheetings for subsequent processing after weaving.

The line of machines comprises seven units in sequence and any selected route through the plant can be taken by the cloth which can be any width up to 120 inches maximum. Thus a fabric can be padded, washed and squeezed, saturated, steamed washed-off and then dried in the open width to give a fabric ready for printing.

A total of £250,000-£300,000 has been spent at the Chintley works on the new range which is said to be capable of meeting all the company's current needs.

## SECURITY

### Glues glass to frames

SIMPLE and inexpensive, an easily fitted "blade lock" that makes Weatherbeater windows the only known range of louvered windows preventing the removal of glass blades without breaking the glass. This new criticism, made increasingly over the last 18 months, that louvered windows are security risks.

The new arrangement consists simply in forming a bond between the glass and the blade-holder in such a way that the glass blade cannot be extracted. Blade locks are fitted over the centre boss of each bladeholder, and secured to the glass blade with high strength adhesive, thus forming a positive lock.

Beta Aluminium Products, Panel's Court, Chertsey Street, Guildford, Surrey, Guildford GU4 6BT.

## MATERIALS

### Marks will stand heat

THE PAINT in the latest high temperature marking pen from Lawtons of Liverpool (an Orex company) will withstand temperatures up to 1,000 deg. C.

Intended for marking instructions and guidelines on metal and ceramics which are to be heat treated, the pen consists of a flexible paint tube with a steel wire point. It is claimed that the pen will mark rough, damp, greasy or hot surfaces, and the paint will resist rubbing, chipping or peeling. Thickness of the line can be altered by varying the pressure on the point.

Colours available are white, yellow, blue and red.

Details from Lawtons of Liverpool, 60 Vauxhall Road, Liverpool L69 3AU (051-227 1212).

# VACU-BLAST NEWS

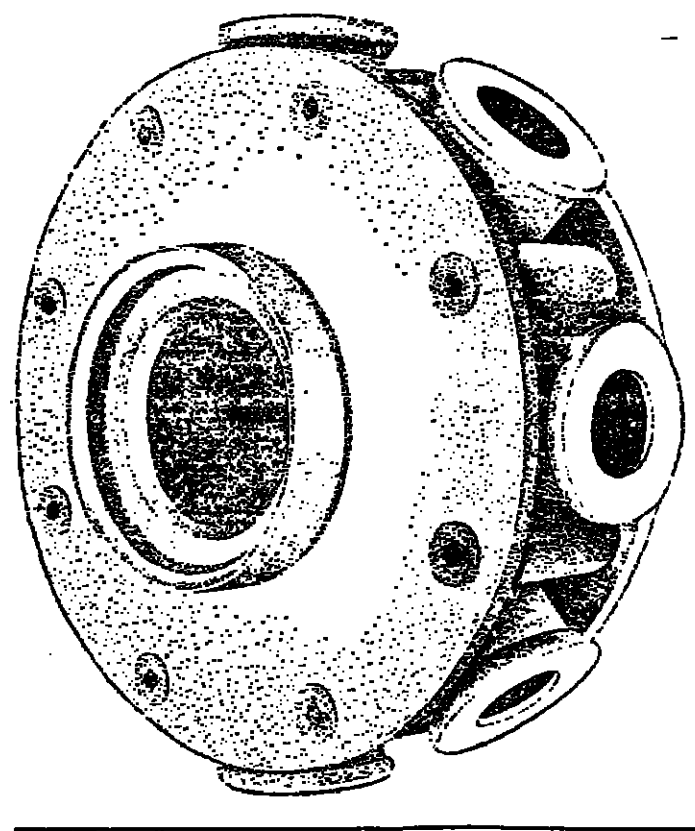
# REVOLUTIONARY That's our new Blast Wheel

Historically, all centrifugal blasting plants (the ones which use wheels to hurl the abrasive) have employed flat metal blades.

They wear out quickly, they are awkward to replace, they have many shortcomings.

VACU-BLAST conformed with tradition until two years back when a new "wheel" was invented by our R & D Department. Instead of flat metal blades we use polymers or hard metal tubes. They last at least eight times longer, they can be changed as easily (and in precisely the same way as a light bulb) and they provide greater hitting power. What's more, in addition to normal ferrous abrasives, our new wheel plant can use glass beads and other light weight media.

So today, many famous organisations are using - or in some cases having built - our new wheel plants for widely differing jobs. For instance, etching steel and aluminium gas bottles, reconditioning oil drums before painting, cleaning steel plates and sections and treating pre-fabricated steel building sections.



## PACKAGING

### Fast label printing

STOCK CODES, prices, "sell by" dates, and product descriptions can be printed on to labels at speeds up to 150 characters/second or 900 labels/minute, with an alpha-numeric printing/coding module developed by Helix Materials and Systems for use with the company's Helix-Aire 23 high-speed labelling systems.

This is claimed to be four times faster than conventional hot-foam or ink printing techniques. The equipment is based on a computer-model printing head, in which each character is formed from a 7 by 5 dot matrix printed by a set of solenoid operated pins. These can be used to print through an ink ribbon, or can directly emboss plastic or metal foil labels. Two or more heads may be mounted in parallel.

The printing program is set-up on a hand-held device resembling a pocket calculator, which is available with plug-in character fonts for most languages. Alternatively, a computer or a tele-printer keyboard can be used to input data. Once the printer has been programmed, the input device can be disconnected to prevent tampering. Apart from printing repeated information, sequential numbering is possible, triggered by a counter on the product line.

The printer memory, which is housed in the labelling machine control box, has a capacity of 32 or 64 characters.

The Helix-Aire 23 systems use self-adhesive labels supplied on a backing roll. The labels are applied to the product by air jets, triggered by photoelectric sensors. Since no part of the applicator need touch the product, the system can operate at any angle with product flow in either direction, applying labels on to packs of irregular height or even into deep recesses.

The standard machine can place labels measuring from ½ inch to 3 by 5 inches at speeds up to 1500 linear inches of label web/minute, with placement accuracy of ± 1/32 inch. The company, which is at 545 Ipswich Road, Aldeburgh, Suffolk, EN, (0753 32212) says it seeks distributors for the system in most countries, preferably from among printers of self-adhesive materials.

## SERVICES

### Analyses hydraulic fluids

VISCOSITY, SPECIFIC gravity, water content, acid formation, weight of contamination, and particle counting and analysis can all be carried out at a hydraulic fluid analysis laboratory opened by Tell-Tale Filters, Peel Street, Morley, Leeds LS27 5EL (0532 537921).

This analytical service will be available to everyone, not just filter customers. It can assist in machine failures, and in identifying potential trouble. Quality control checks can be carried out, and the results compared with suppliers' specifications.

To assist the user, a special kit is supplied on loan from the laboratory comprising sampling valves and sample bottles, detailed instructions and a questionnaire. Results are normally available within 24 hours of receiving the fluid samples—a full analysis costs £20.

### Source of superseded bearings

ALTHOUGH THE wide range of standard bearings offered by major manufacturers meets the great majority of industry's requirements, occasions still arise when a particular bearing no longer in regular production must be obtained, either for replacement or for use in long established products.

To meet this need, Ransome Hoffman Pollard has set up a special bearings department. This facility manufactures entirely to customers' orders, in any quantity, from one bearing upwards.

The range supported covers ball or cylindrical roller bearings up to an outside diameter of 400 mm., in standard carbon-steel or stainless steel, or corrosion-resisting steel, and RHP holds the drawings for thousands of original designs.

This new unit is based at RHP's Chelmsford factory.

## DATA PROCESSING

### Gets more on discs

INCREASINGLY making itself and existing maintenance arrangements are completely unaffected, installation takes 30 minutes and is carried out on-site by Saggiorn engineers.

More from Saggiorn, Green Dragon, House, High Street, Croydon, CR0 9XN. 0440 8321.

Latest product announced last week, called disc space manager or DSM, is aimed at IBM 360/370 users and is intended to make better use of disc storage.

Essentially the object is to delay or even obviate the acquisition of additional disc drives by allowing the sharing of work area space across partitions. It is claimed that one in six spindles typically can be saved.

The company says that no modifications are required to IBM's DOS/VS supervisor and that the relevant job control statements have been simplified so that coding effort is reduced.

DSM will manage only that disc space that the user gives it to manage. Initially the user specifies this space by setting up a simple table giving space on each drive and this can easily be changed after installation. More from Burywood Road, Hitchin, Herts (0462 50389).

### Telex tape on memory typewriters

EDITED telex tape can be produced with a standard IBM 82 memory typewriter using Saggiorn Electronics SE400 Telexer. An optical coupling interface, designed and developed at Saggiorn's manufacturing centre at Haverhill, Suffolk, enables the typewriter to be linked to a paper-tape punch.

The new version, known as the SE400 M, has been developed as a result of enquiries received from earlier work by the company in this field.

The SE400 M in no way interferes with the normal working of the IBM memory typewriter

### Produces a quick graph

A NEW facility available on CDC's Management Timesharing Service is Picture-Pac, enabling subscribers to produce almost any kind of business graph or chart.

The user would make use of data already on file in the computer; for example he might wish to know the salary distribution of employees in bar chart form in which case the simple command "bar" via the keyboard terminal plus identification of the file in which the data is stored would result in a printed chart in seconds.

A conventional teletypewriter terminal is used and, for example full stops would plot graph points; more sophisticated terminals with say, daisy wheel printers would give better definition.

All the specific regarding size, appearance, scaling and labelling are handled automatically by the system, although the user can override with formats of his own.

The six primary types of output available in Picture-Pac are basic and vertical bar charts, horizontal and vertical bar charts, variance bar charts, and pie charts. More on 01-440 5161.

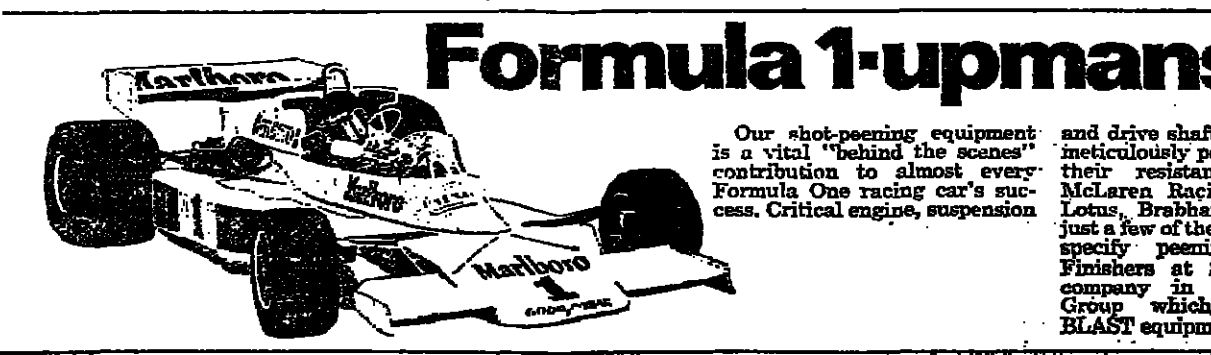
### Printer for many speeds

ADDED to the Centronics range of printers is the 6000 series, which requires only little after-charge at weekly or monthly intervals, from Nuclear Enterprises at Bath Road, Beemham, Reading RG7 5PR (079621 2121).

More about the instrument, which requires only little after-charge at weekly or monthly intervals, from Nuclear Enterprises at Bath Road, Beemham, Reading RG7 5PR (079621 2121).

## When tyre moulds need cleaning-tread carefully

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Cleaning the edges of steel plate is a vital requirement in shipyards and other places where large quantities of materials are to be automatically welded. So VACU-BLAST developed a simply wonderful device called the "Edge-cleaner", which either runs along the plates or, if required, allows the plate to pass through it! At speeds of up to five metres a minute, the plate edges are given a virgin metal finish and the blasted area left completely dust-free. That's why most of Europe's major shipyards say our unit has "the edge" over any other system.



**VACU-BLAST** Limited, Woodside Square, Slough, Berkshire, Telephone Slough (STD 0753) 2500, Telex 846188.

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السيد محمد



# The Management Page

EDITED BY CHRISTOPHER LORENZ

BRITISH STEEL

BY JOHN ELLIOTT

## Testing the metal of worker directors

DURING THE months of bitter argument and debate that have raged over the issue of worker directors and the Bullock Report, little has been heard about the only major experiment in employee representation in the Boardroom to have taken place in this country. This is the British Steel Corporation's system, which was introduced when steel was re-nationalised in 1967 but which has rarely been trumpeted either by the Corporation itself, by the unions involved, or by the TUC.

The Bullock Report, echoing the TUC's view, was dismissive about the experiment's "lack of success," and an academic study from 1969-1971 published last year also painted a picture of weak management-dominated worker directors failing to seek out and influence the centres of corporate power.

Now, in an attempt to introduce some balance in this somewhat one-sided catalogue of criticism, the steel industry's worker directors have banded together and written a book called "Worker Directors Speak" with the help of two London Business School academics, one of whom used to work for the BSC and was closely involved in their operations.

### Sheds light

Their work which is to be published next week is a polemic with no attempt being made by the worker directors to be impartial in their judgments—although they do not shy away from criticising some of their own failings. There is also, regrettably, no input from the BSC itself so there is no management view on their effectiveness.

Nevertheless the book does shed some useful light on the problems facing a bunch of "worker" directors thrust into the world of top management with little support and no experience. And it also deals with problems that any worker director system will face in the relationship with management workers, the need to seek the real power-making centre of an organisation, the need of how many seats workers are given, and where there is any conflict over the role of being a director and a union member at the same time.

One problem that has troubled the worker directors in the way the scheme was introduced in 1967. It was the former postmen who became the BSC's first chairman. But a year later he was replaced by a former first chairman. But a year later he was replaced by a former first chairman. But a year later he was replaced by a former first chairman.

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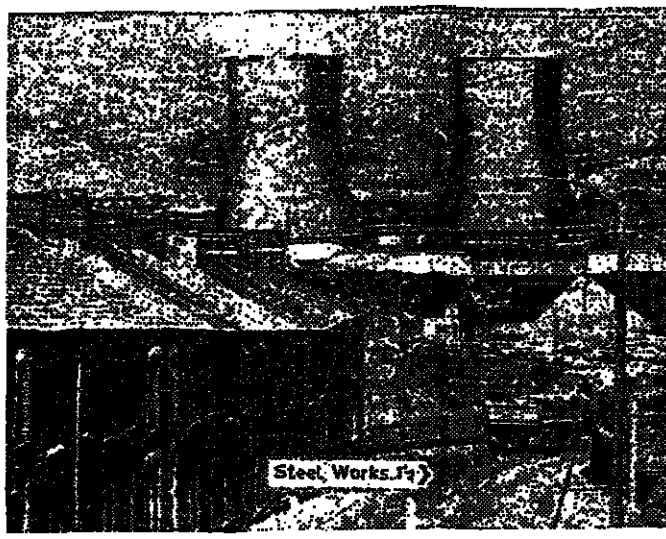
Manchester United won the Cup wearing shirts made in Leicester by Admiral. Before you put your shirt on anywhere else look at what Leicester has to offer.

Enquiries to: Gordon K. Smith Esq., City Estates Surveyor, New Walk Centre, Welford Place, Leicester, LE1 6ZG. Telephone (0533) 548822 Ext. 6760.

### The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day.

**The Army Benevolent Fund** for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP



Steel Works, 1977

based in a ratio of about one-third to two-thirds on manufacturing division management committees—have still spent a lot of time seeking out the real decision-making centres.

When you only attended the divisional management committee you sometimes felt you were just rubber-stamping the decision to put in planning forms and so on came from the groups. So we asked the group to get to the source of decision making...

There is also, of course, the problem of what the worker director does when his fellow workers go on strike. Typically, the worker directors were not told or advised what to do when the system started in 1968. But the problem quickly arose with a bricklayers' stoppage. The worker director involved joined the strike and his decision was backed by Lord Melchett and Ron Smith.

Now, 10 years after the scheme was introduced, it may be overhauled again to bring it more into line with the post-Bullock Report era.

In their book, the 17 steel worker directors propose their own charter which would include them taking up one-third of the seats on both the Corporation national Board and the group management committees, where they now sit in a smaller proportion. They also want formal arrangements to report back to their members and want to be provided with expert advice by both the unions and the Corporation.

So, however much the steel worker directors were not told or advised what to do when the system started in 1968, but it has provided a sound basis for future developments. It has a bricklayers' stoppage. The worker director involved joined the strike and his decision was backed by Lord Melchett and Ron Smith.

Partly because of the way the scheme has developed, the actual impact on decision making has also inevitably depended to a considerable extent on the strength of personality of the worker directors involved, on the areas in which they have operated, and on the relationships they have been able to build with top management.

Worker Directors Speak. By the BSC employee directors, with John Bank and Ken Jones. Gower Press, 1, Westmead, Farnborough, Hampshire, £5.

**65**  
PENSIONS  
and BENEFITS

## Long-term costs of retirement

BY ERIC SHORT

IT IS ENTIRELY appropriate that the first conference of the Pensions Management Institute, being held in London tomorrow, should discuss the impact of inflation on pension funds. For it is a subject that needs much more consideration than it has had so far; in particular, the pension fund managers need to consider the long-term implications of high level inflation.

The conference is also particularly timely since the annual increase in old age pensions designed to make-up for the ravages of inflation over the past year was announced only last week by the Government.

Civil service pensions are now linked to the Retail Price Index and revalued each year in an attempt to preserve the purchasing power of those pensions. As for pension schemes in the private sector, inflation has now become the most dominant factor affecting their design and operation of company programmes, and the high level of inflation in recent years has put a question mark over the future of pension provision through private fully funded schemes.

Inflation has two main effects on pension schemes, in determining the benefit structure and in the investment policy of the fund. Both of these features determine the cost to the employer of running the pension scheme.

### Objective

The sole objective of setting up a company pension scheme is to provide an adequate pension for employees during their retirement. No one would disagree with this statement, but everyone has varying ideas on what constitutes adequate. In general terms it can be summed up as ensuring that no one suffers financial hardship as a result of retirement. This in turn means that the pension paid at retirement needs to be related to salary prior to retirement, and that its value will be preserved.

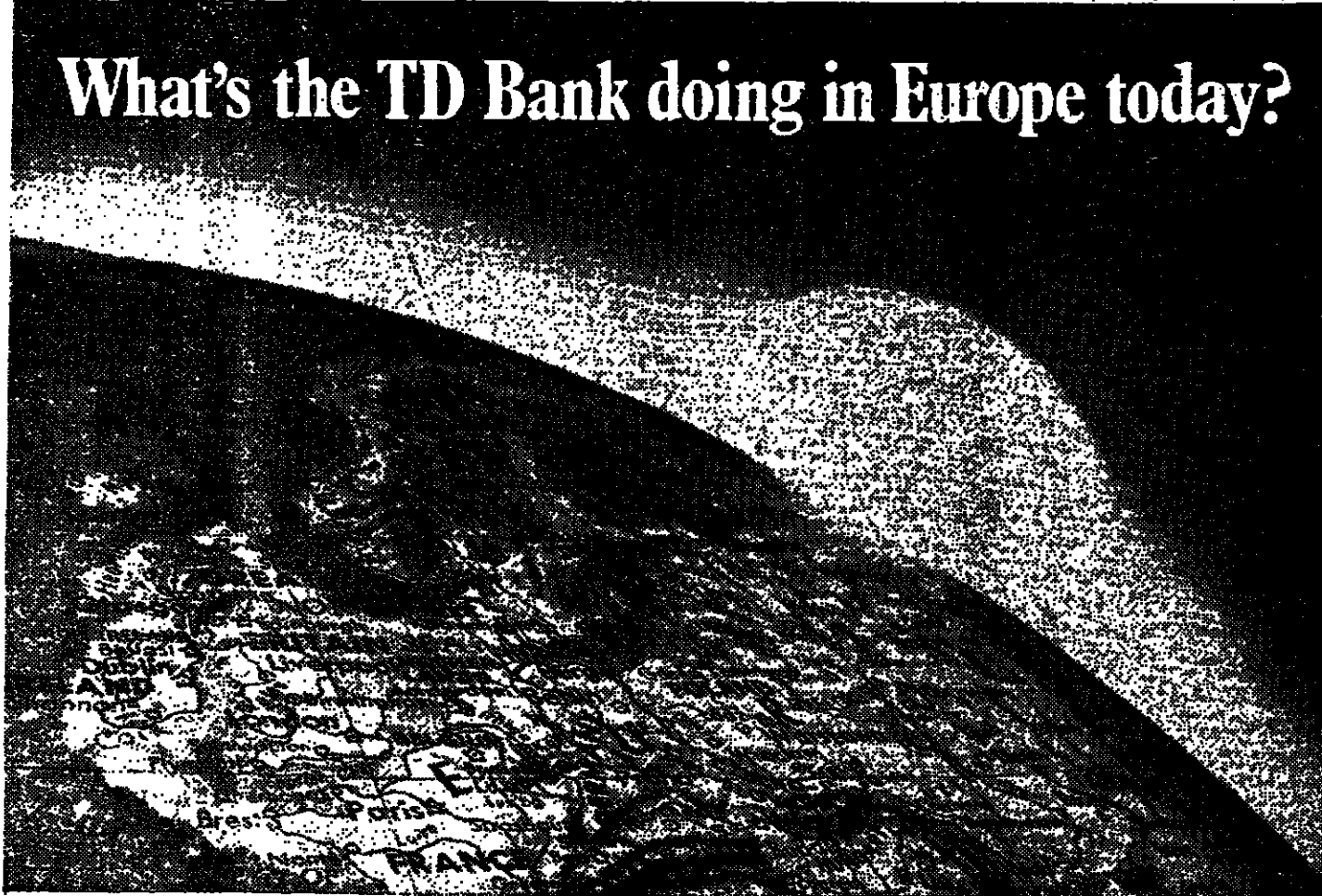
This is possibly the easiest form of structure to understand, though for most manual workers a revalued average to do this.

### Easiest way

What can the employer do about this situation? After all, he is the one who has to make up the shortfall caused by inflation. The easiest way is to throw in his hand and leave the State to make the pension provision. The companies mentioned above have done this. Then all the employer need to do is top up the state provision for the higher paid employees. He can do this without having to guarantee the benefits, so that the employee can, if necessary, bear the inflation burden in place of the employer.

Another alternative being mooted is to get away from the funded concept onto a pay-as-you-go basis, where the employer pays for current pensions out of current income.

This negates the whole concept of funded pension schemes, which was to make them independent of the company's fortunes. Pension could still be paid even if the company went under. But more and more finance directors are finding the pensions contributions, which have a prior charge on the cash flow, a burden they could well do without. One theory is that if the fortunes of pensioners are directly tied in with the prosperity of the company, then wage claims are likely to be reasonable. This is a question that needs a lot of thought, but under current conditions a compromise is likely to emerge, with part of the pension being backed by assets and the inflation escalation being put on a pay-as-you-go system.



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Computers: the choice for the British Government

BY MAX WILKINSON

Sandilands: a way out

THE FURTHER delay of six months announced by the Inflation Accounting Standards Group before they are prepared to recommend that a current cost statement should even begin to appear as a supplementary statement to company accounts cannot, unfortunately, be taken as a realistic assessment of the delays actually likely to occur.

However, if the necessary price can be swallowed, the technical solution is now on offer. The London chartered accountants have now produced a draft of their own which seems to meet most of the main criticisms. It is based on current cost principles, but presents them as adjustments to historical cost figures, with overall adjustments to the monetary value of the current value of the business.

Controversial The reasons for this intolerable delay are all too clear. The Sandilands Committee, of all its valuable spadework, produced a formula which had too much affinity with industrial management accounts and too little to do with the problems caused by the falling value of money, and thus produced a system which has proved highly

Inadequate demand for capital

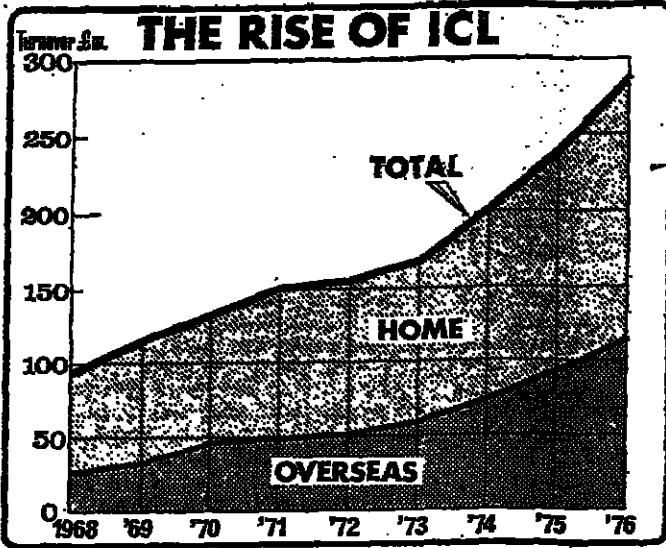
LAST WEEK-END the TUC published its written evidence to the committee, under the chairmanship of Sir Harold Wilson, which is reviewing the operation of financial institutions and examining with particular urgency the adequacy of the outside sources of capital available to manufacturing industry.

It suggested that private financial institutions should be set guidelines different from those on which they are said to operate at present. It set out from the premise that North Sea oil will provide an opportunity to strengthen the country's manufacturing industry and proposed as a target the doubling of present capital investment over the next decade.

Two areas So far ECI has succeeded in investing only £1.75m, which together with the weakness of demand at the clearing banks and the fact that Finance for Industry has so far managed to advance only £300m of the special £1bn fund it launched in 1975 and expected to dispose of in about two years—seems to bear out the point made by the chairman of the Pru. But it has had about 100 applications for capital, some of which were unsuitable, some later withdrawn with the rise in the stock market, some passed on to other institutions as being too small for ECI itself.

No evidence Yesterday, by coincidence, annual reports were published by two institutions in the private sector which are especially well qualified to speak on this issue—Prudential Assurance and Equity Capital for Industry. The chairman of the Pru devotes a section of his statement to the whole question of industrial finance. He concedes that the growth of the U.K. economy has tended to lag behind that of other industrialised economies and that industrial investment has been markedly higher in some of these competitive countries.

But he dismisses out of hand the criticism that the financial system has failed to make funds for investment on the necessary scale. There is overwhelming evidence, he maintains, that the relatively low level of investment in this country is due to



THE BRITISH Government ICL first preference in large scale Government computer contracts will be disallowed by Common Market rules after 1980. Even before then, the Government will be under strong pressure from the large American computer companies to drop the policy.

International Business Machines and Honeywell, which have both substantial manufacturing plants in the U.K., can be the undisputed leader among European computer makers. If they provide jobs and can withstand or increase investment in the U.K. They have hinted strongly that a relaxation of preference for ICL would encourage them to step up investment in the U.K.

Favoured treatment

Secondly, the favoured treatment of one large mainframe computer company has left large parts of the computer industry outside the circle of Government patronage. Strong arguments are now being advanced that support should be diverted to the more neglected mini-computer companies, to the systems designers and the makers of components and peripheral equipment.

The French have taken a different course by promoting

the merger of the ailing Com-pagnie Internationale pour l'Informatique (CII) with Honeywell-Bull. The merged systems company benefits from U.S. expertise and £165m. French Government subsidy with a pro-mise of £530m. of orders over four years.

By contrast, the British Government's investment in ICL appears to have been modest and ineffective. Shortly after the merger of ICL and English Electric in 1968, ICL embarked on the Herculean task of year and a projected 65 per cent in five years' time.

Procurement policy The Government procurement policy only accounts for about 7 per cent of the company's total business, so that even if the policy were abolished, the company might only lose 2 or 3 per cent of its total sales. On the other hand, ICL says the Government contracts tend to be for large applications where it is still developing its systems. A foreign customer interested in, say, transport control will be unlikely to buy from ICL unless it can demonstrate that it has a "home grown" system in good working order.

For these reasons, ICL is asking for an extension of the present "buy British" policy to cover not merely central Government, as at present, but the whole of the public sector. It also wants the range of machines covered by the policy to be extended downwards from the present lower limit of "one Atlas power," roughly equivalent to a system costing £500,000. The company says it does not need any more special research and development aid because the main work on the 2900 has been completed. In the future it intends to shift emphasis from research to mar-

keting, particularly overseas. A report from the Department of Industry setting out the issues on procurement and the need for a policy for the whole computer industry is now before Ministers. The expected outcome is that ICL will continue to benefit at least until 1980 from a version of the present policy brought up to date. In the longer term, however, the Department sees a need to recognise the contribution of the software (program writing) houses and systems designers. As the cost of electronics falls, software has become an increasingly valuable part of any contract, and now accounts for some 50 per cent of a customer's costs.

Opening the market This question will be raised most acutely when the EEC directive forbidding preferential treatment to national computer companies comes into effect from the end of 1980. IBM count as a U.K. company in competition with ICL. Bull will be the only effective competitor. The Department of Industry, for one, does not know the answer.

It may happen that the directive will have rather the opposite effect to that intended. Instead of consolidating the European market, it may open it up further to the Americans. Perhaps the most likely outcome is that the directive will simply be circumvented. It is certain that the French and German governments will find ways of buying from their own national companies even under conditions of "open competition." And the British? One can speculate whether they would continue to play by the rules if the foreigners around them succeed in dodging the EEC Commission's umpire.



Mr. G. R. Cross, Managing Director of ICL.

Table titled 'COMPUTERS INSTALLED IN BRITISH GOVERNMENT SPHERE (MID-1976)'. Columns include Central Govt., Local Govt., Water Auth., Education, Research, Medicine, and USSR. Rows list various computer systems like Burroughs, CDC, HES, IBM, ICL, NCR, Univac, and Others.

MEN AND MATTERS

London's al-Arab A new daily newspaper starts life to-day, but is not likely to be much of a morale-booster for hard-pressed Fleet Street. It is aimed, unsurprisingly, at Middle East customers and will be the first daily published in Europe in Arabic.

Behind the London-based al-Arab as editor-in-chief is Rashad el-Houari, a Libyan with an initial £500,000 to spend on the venture—and, most important, the blessing of the Libyan leader Colonel Khedafi.

That el-Houari has the Colonel's support is something of a feat. In the bad old days of King Idris, with whom the Houari family were very close, el-Houari used to own the dailies al-Haqiqah and the Libyan Times. When Khedafi took over in 1969, both were closed and Rashad disgraced. But since then he has mended his fences with the Libyan Government enough to start al-Arab ("The Arabs").

For those who fear heavy propaganda, the publishers' message is clear. They make much of it being "a forum of free and unfettered opinion, whose editorial policy will carry no... bias." It intends to draw heavily on news agency material, and, through arrangements still under negotiation, directly on the serious British dailies.

As for potential readership, an average of 40,000 Arabs are in Britain at any one time and anything like twice that in summer. And in Europe the figure rises to the hundreds of thousands. But Arabs, notably nostalgic people, may still prefer to read what the columnists

of al-Arab or of al-Siyasa have to say and pay only up to 25p (5p more than al-Arab) to get their Arab papers from Arab capitals a day or so late. Al-Arab reckons to make money if it circulates more than 10,000 copies a day, and the exercise is being watched with interest by others hoping to enter the same market within the next few months.

Not Leeds Leeds Permanent Building Society, fourth largest in Britain, was not in any trouble back in 1960, as I inadvertently stated yesterday. In fact, that society is not, and never has been, in any trouble. It was the tiny London-based Lloyds Permanent Building Society whose Board Sir William Harris joined in a rescue operation. So not Leeds Permanent, but Lloyds Permanent, and in case even the right name still causes some to shudder, it wasn't anything to do with Lloyds Bank either.

Barlow the post Bill Barlow, chairman and chief executive of Ransome Koffmann Pollard, the bearings company put together by the Industrial Reorganisation Corporation in 1968, will take years of experience in conducting mergers to his new post as chairman of the Post Office—but, perversely enough, one of his first tasks could well be the splitting of the organisation into two independent corporations.

Another major development could be in the PO Boardroom. Legislation is now before Parliament that will turn the Post

Office into the Government's first experiment in industrial democracy, with 21 members on a reconstituted Board.

At the end of his five-year term, Barlow could therefore be chairman of a very changed Post Office. And all this for a cut in salary of some £7,400—Sir William Ryland, who leaves in October, says goodbye at a salary level of £23,830 which has seen rather fewer increases than have postal and telephone charges.

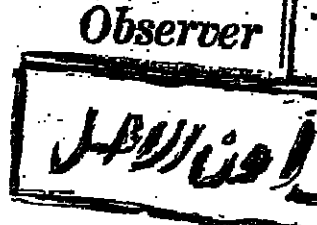
So why did Barlow take the job? "For the great challenge," he says. He will be coming to his new post—the turnover he oversees will jump from £78.4m at RHP to £2,205m. at the Post Office and his staff from 10,580 to 420,655—as "a professional manager." In contrast to his predecessor, who has spent his lifetime in the Post Office, Barlow is a complete outsider, having spent 21 years with English Electric before entering the bearings industry.

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AMK Berlin logo and contact information for the fair, including address and phone numbers.





# A changing role for the Think Tank

By PETER RIDDELL, Economics Correspondent

THE THINK Tank is at the centre of a fierce controversy over its recently finished report on Britain's overseas representation. However, this row—a classic of its kind in Whitehall with counter-attacks launched against the methods and supposed conclusions of the study even before its completion—has diverted attention from a growing debate about the whole role and purpose of the Think Tank. It has been argued that the Central Policy Review Staff, to give the organisation its correct name, has lost its way and is not fulfilling its original aims.

Mr. Edward Heath, who set up the Think Tank in 1970, criticised the use to which it was put by his successors in evidence to a Commons Committee earlier this year. He argued that it should concentrate on monitoring the wider strategy of government rather than undertaking inquiries, for which it was not equipped, into overseas representation or the motor and electrical power industries. Moreover, those ubiquitous critics of Whitehall, Lord Corder-Hughes and Mr. Joe Hain, have both argued that the Think Tank has lost its independence and has been virtually absorbed by the Civil Service machines.

## Illuminating

The issues are important in view of the hopes in the early 1970s that the Think Tank would help to improve the way in which decisions collectively are taken by Cabinet Ministers. Its success or failure is also illuminating for the wider debate about the structure of the main departments in Whitehall. It is much less easy, however, to draw any clear conclusions about the criticisms by Mr. Heath and others.



Sir Kenneth Berrill: experience of the Whitehall machine.

The problem is that virtually all the Think Tank's work is for internal consumption by Ministers. The overseas representation study will be only the sixth report to be published in over six years—the others covered energy conservation, the need for a joint framework for social policies, the future of the car industry, the heavy electrical industry and population and the social services.

But it is possible to make at least a partial assessment of its work. Its main task is the same as when first established: to provide advice to Ministers collectively which will help them relate their departmental decisions to the Government's general strategy.

The key is the provision of a non-departmental viewpoint for Ministers, either in Cabinet itself or one of its many committees. On this view, the Think Tank helps to offset the departmental orientation of the British system of government by providing what the aficionados like to call a "central competence."

About two-thirds of the unit's work is requested specifically by Ministers or Cabinet Committees. The rest is generated by its own staff. A large part of the work involves the preparation of collective briefs—about 50 each year—where the aim is to try to ensure that Ministers look at the right questions rather than necessarily to try to provide the right answers. In addition there are two or three major studies under way at any time, and a continuous involvement in programmes analysis and review, the regular assessment of the effectiveness of particular departmental activities, and in the annual public spending cycle. There is also a special role on scientific and techno-

logical matters, reflected in the appointment of a Chief Scientist last year.

But while the broad aims, work and structure of the Think Tank are the same as when it was set up under Lord Rothschild as its first head, there are important differences. The most obvious is that the Think Tank and its head no longer act as so much of a direct personal adviser to the Prime Minister. During Mr. Heath's administration, Lord Rothschild did have that role, and the Think Tank is credited with being particularly influential in bringing about the change of attitude on incomes policy in 1972 and in persuading Mr. Heath to open tripartite talks with the TUC and CBI.

This all changed following the return of Harold Wilson in March, 1974. He established a Policy Unit in Number 10

under Dr. Bernard Donoghue which works only for the Prime Minister, but more on short than longer-term projects. The two bodies do work together on certain issues—for example, public spending priorities—but the Think Tank is now almost solely concerned with its advice to Ministers collectively.

Another major change since 1974 has been the end of the six-monthly stock-taking exercises of the government's progress towards its strategic objectives. These meetings, usually at Chequers, had a mixed reputation; some accounts suggest that Cabinet members got rather less out of the reviews than junior Ministers, who were given a rare insight into overall strategic thinking. There was a full day discussing public expenditure during the Wilson administration but since then the reviews have been dropped.

On the other side, the Think Tank's longer-term studies, which Mr. Heath criticised, have increased. The argument for these projects is that the Think Tank is in an easier position to produce a hard-hitting report. This is both because it can look across departmental boundaries and because it is not tied to the commitments and long-standing attitudes of a particular sponsoring Ministry such as the Department of Industry. There is something in this and, for better or worse, the power plant report, for example, has acted as a catalyst to talks about mergers and has helped to shift a few log jams. Moreover the detailed evidence in the motor industry report helped to widen the public debate on the subject by highlighting the relative low productivity in U.K. plants.

It is arguable that while the

Think Tank may be the right inter-disciplinary body to provoke thought on population policy, it does not have the competence to pronounce on the car or power plant sectors. Indeed it has had to contract some work to outside consultants. On the face of it, this appears to run against the whole reason for a Think Tank within Government. The explanation is that consultants have been used to looking at the overseas markets both because of a tight deadline for the reports and the small size of the unit's teams.

The report on overseas representation, which was entirely carried out in-house, raises rather wider issues. Leaving aside the merits or flaws in the report itself, it does appear to be rather too big a piece of work for such a small unit to do. It tied up a third of the staff for about a year—more people over a longer period than with any other major study. Consequently there might now be a reluctance to take on such a large task in the future—even if it were offered.

All these changes—the demise both of the role as Prime Ministerial adviser and of the half-yearly strategy reviews as well as the increased number of longer-term studies—were, of course, the result of decisions by politicians. The Think Tank is after all pre-eminently what the Cabinet of the day wants it to be. But this still leaves the underlying question whether it is any longer the independent voice and challenger of conventional wisdom—the "grit in the oyster"—which many hoped it would be. This, of course, enters the world of Whitehall gossip and unprovable assertion, but there are at least doubts now about whether the light may

have dimmed even if these doubts might not be shared by those diplomats angry about certain aspects of the overseas representation report.

At one level there is the contrast between Lord Rothschild and Sir Kenneth Berrill, who took over in October 1974. Lord Rothschild was seen as very much the aristocratic outsider with a long career of original scientific work behind him and a boccaceneering independent temperament. He was asked for putting the Think Tank on the map through his personal relationship with Mr. Heath and his frequent warnings about the impending energy crisis, well before October, 1973.

## No mandarin

Sir Kenneth is seen as more of the insider with long experience of the Whitehall machine. But he is hardly the conventional mandarin, and apart from a short spell after the war, he spent almost all the period up to 1967 as an economist and administrator at Cambridge; after that he served as chairman of the University Grants Committee, and, ultimately, as Chief Economic Adviser in the Treasury. Sir Kenneth appears to be generally regarded by Whitehall as an adept operator within the machine and within the Cabinet Office framework rather than as an independent force, pushing against the grain.

This approach should not be dismissed, even if its results are less apparent than those of a more assertive style. Moreover, review meetings have been dropped, the Think Tank is still carrying out major strategy studies. The newly published report on population and social services—suggesting a greater

readiness to revise plans in the light of changing evidence—has been generally welcomed and is just the sort of work which the Think Tank ought to be doing.

Indeed, during Sir Kenneth's period, work on the links between social policies—such as the relationship between housing and other policy areas—has undoubtedly advanced and there are now half-a-dozen of these studies under way, including one on the poverty trap overlap. The Treasury has taken the lead on this subject and the expansion of the Centre Unit in the Treasury and its other departments, supplying analysis and advice about longer-term issues, has to some extent paralleled the work of the Think Tank.

This does not remove the need for an inter-departmental voice both on these issues and on public spending where the Think Tank is involved from the start of the annual cycle in the early spring. It prepares papers on background assumptions and on medium-term prospects, and later on is involved in the discussions about setting the detailed priorities. But the Treasury voice still seems very much the most powerful.

But as Sir Kenneth himself has pointed out, the success of the Think Tank can only really be judged by Ministers, who are both the unit's public and its clients, and they have kept it in being and given it more work to do. Even if the Think Tank has not turned out to be as creative a force as was, perhaps far too optimistically hoped, it is still there—performing an apparently useful role, trying to widen the perspective of decision-making in Whitehall.

## Letters to the Editor

### Floating rate bonds

**From Lord Camys.**  
Sir,—At long last the floating rate Government Bond is to be launched. To many, it is regrettable that more than a year has elapsed since the concept was first seriously discussed. What a difference it would have made to the public's servicing cost if the new bond had been launched last autumn instead of the £2bn. plus of Gilts that were issued at the bottom of the bear market. Instead, the new issue is to be made at a time when there are indications of rising interest rates and falling Gilt-Edged prices.

What did the authorities gain by their 12 month study of the floating rate concept and the consequential delay? Not much sophistication. The new Bond is bland, uninteresting, and unattractive. Floating rate bonds have been very popular in the Euro-Markets, largely because of creative marketing. Early redemption possibilities, minimum coupons, variable margin rates, have been combined to entice investors and borrowers. The U.K. Government has eschewed such techniques. The interest rate payable, fixed at six monthly intervals, is to be a simple average of Treasury Bill rates over the preceding six months. The historical record of straight floating rate notes with no added features is unencouraging. In U.S., other than a brief period of popularity in 1974, floaters have been almost entirely ignored. The conclusion must surely be that the U.K. authorities are being classic about their product.

**Accountancy standards**  
J. Wakeham, MP.  
Mr. Ian Hay Davison's own profession is dangerous. He interviews his clients with two matters which he dealt with separately. The accounts of quoted companies are primarily the duty of their directors. The majority of short-comings in accounts can be laid at the directors' door. There is a problem here with more disclosure in the Securities and Commission lines. It is inevitable. Most of the support.

**Post Office services**  
**From the Director, Public Relations Office**  
Sir,—Never in its history has the Post Office said that second class mail might have to be delivered by second post. Our aim is that first class mail should be delivered the day after posting and second class within two days after that. If Mr. Campion (May 25) believes that the Post Office employs delayers, he will believe anything.

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**Post Office, Central Headquarters, 23 Houndland Street, W1**  
Peter H. Young.

**The threshold of VAT**  
**From Mr. A. Jacobs.**  
Sir,—May I as an economic and taxation adviser to the Liberal Party, and the proposer of the amendment to raise the threshold of VAT to £9,000, reply to the letter of Nigel Lawson, MP, of May 30?

The original change that we wished to make was for the VAT threshold to be raised to £20,000 as there is conclusive evidence that not only is the revenue to be lost but compliance costs for small businesses are truly horrible, that is, under this proposal in retail distribution more than 120,000 traders would no longer be liable for VAT and the estimated Customs and Excise costs and the traders own compliance costs exceed Government revenue by about £11m. Until very recently, of course, the Government has completely ignored compliance costs.

Now the figure was reduced to £9,000 because under the rules of harmonisation with EEC this would be the correct figure for threshold to be valued. We certainly believed it likely that the Government

### AA breakdown services

**From Mr. R. Campion.**  
Sir,—The article on the Automobile Association (May 25) was most welcome.

I, like many members of the association remain in membership almost exclusively for the assurance that we shall be able to get skilled attention if we suffer a breakdown particularly at weekends. It is not our fear of the cost of the breakdown service that keeps us in the AA but the fear of not getting any service at all.

Other services are negligible and I have in any case asked the AA to refrain from sending me "special offers" that cost me nothing assuming I remember to send them back within ten days or whatever. I have not even had a members' handbook for some years.

The subscription has been rising sharply recently as your table shows. I am a prudent motorist, I maintain my cars carefully and I have not had to call on the breakdown service for some fifteen years. But 25m. calls were made last year on the breakdown service and I am beginning to feel that the careful low mileage motorist is subsidising his less careful or high mileage colleagues.

There are two solutions. A basic subscription of say £4 a year with a charge each time a call is made on the breakdown

### Valuing a house

**From Mr. L. Collett.**  
Sir,—I doubt if Mr. Cadwallader (May 27) has had six "valuations" (has he paid six fees?) but allowing that the so-called "valuations" are probably no more than expressions of opinion from agents seeking business, they seem remarkably consistent if they vary by only £4,000.

Far from showing that the capital value system is contentious and illogical, Mr. C seems to be proving that it could work. Whether it would be a fair system is another matter and one upon which I have serious reservations.

**L. G. Collett,**  
49, Ingrebourne Gardens,  
Uppminster, Essex.

### Trinity House survival

**From Mr. J. Evans.**  
Sir,—As a licensed marine pilot I read with great interest the article (May 15) describing the Trinity House plan to appoint additional pilots to its Board.

But the article in stating that there is a proposal to establish a Central Pilotage Board to accept authority for all U.K. pilotage does not accurately describe the Government's intentions. According to the Pilotage Act 1913 the Government already exercises supreme control over U.K. pilotage through the Secretary of State for Trade who is in fact the central pilotage authority. The actual operation of the pilotage system is in the hands of subordinate local pilotage authorities, of which Trinity House is only one of many.

The Government is now proposing to appoint a Board to assist the Secretary of State in the control of the pilotage system and also to supervise the long-overdue rationalisation of pilotage generally along the lines outlined in the 1974 report of a steering committee on pilotage.

When it is realised that the sections of the Pilotage Act that control pilots simply repeat sections of the Merchant Shipping Act 1854 (which was itself a consolidated Act passed in one sitting by a barely reformed House of Commons), then it should be obvious that fundamental changes are necessary.

But the Trinity House should no longer be a pilotage authority for the larger ports; so perhaps if Trinity House does succeed in widening its membership to include other interests, as is common in many other pilotage authorities, it might well survive as one of the subordinate local authorities which the Government accepts as essential if U.K. pilotage is to operate efficiently.

**John D. Evans,**  
"Highpool House,"  
Newton, Swansea.

## To-day's Events

**GENERAL**  
National Economic Development Council considers prospects for increased industrial investment in manufacturing industry.  
Investment intentions of manufacturing, distributive and service industries (1977 and 1978) published by Department of Industry.  
New York and New Jersey Port Authority appeals against recent ruling that Concorde must be allowed into Kennedy Airport on trial basis decreed by federal Government.  
International Monetary Fund monthly gold auction, Washington.  
North-South Dialogue between industrialised and developing nations ends, Paris.  
Mass meeting of British Airways maintenance engineering staff

**Hotel, S.W. 12, Lowland Drapery Glasgow, 12.15. Metal Closures Inn on the Park, W. 12. Nathan (B. and L.), Abercorn Rooms, E.C. 11. Pines, Tower Hotel, E. 12. Sanderson Kayser, Sheffield, 12. Southern Construction, Portsmouth, 12. Stag Furniture, Nottingham, 12. Team Consultancy, Lawrence Road, N. 12. United King, 400. President, Salisbury, 12. Wight Construction, Edinburgh, 11.**

**SPORT**  
Horse racing: The Derby, Epsom, Surrey; Ebor International, Scotland; Northern Ireland, Hampden Park, 3 p.m. Golf: Amateur 20 championships, Ganton, Scarborough. Tennis: Manchester tournament; Beckenham tournament.

**COMPANY RESULT**  
East Midland Allied Press (full year).

**COMPANY MEETINGS**  
Clarke Nickolls and Coombs, 11. Abercorn Rooms, E.C. 12. Dreamland Electrical Appliances, Great Eastern Hotel, E.C. 12. Davies and Newman, Great Eastern Hotel, E.C. 12. European Ferries, Winchester House, E.C. 11. Guardian Royal Exchange Assurance, 20 Aldermanbury, E.C. 12. Haden Carriers, 7518, Raviotock Square, W.C. 11.30. Restair, Hyde Park.

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# Bilton ahead to £5.2m.

**AFTER MAKING** a provision for £1.2m, the directors of Bilton, the property and civil engineering concern, showed an improvement from £5.0m to £5.2m in 1976, on a turnover of £26.5m. When reporting first half profits up from £2.2m to £2.5m, the directors said that they were confident that results for the second half would be as good as those of the first.

After tax of £2.2m, (£2.0m) the year's net profit emerged at £2.9m, against £2.9m in 1975. The dividend is raised from 4.0215p to 5.5p, with a final of 5.5p.

The dividend is in respect of the time of the acquisition of freehold industrial premises from Lawson Industries. The company capital is £10m, and has a 10% share and has a 10% share.

The directors point out that the tax provision for 1976 included relief for industrial buildings allowances which have since been found inadequate. The charge for that year had been increased from £225,000 to £250,000, into reduced by an equivalent amount.

# Northern Foods climbs to £7m.

**FURTHER ADVANCE** is reported by Northern Foods with taxable profits expected from £5.4m to a record of £7.0m for the six months to March 31, 1977. Sales were up from £28.5m to £31.0m.

The directors say that profits in the second half should show an increase. Cash flow remains strong with short-term investments contributing to an increase in group income. The company is continuing to invest substantially in the second half and longer term benefits to the group, they add.

Stated earnings per 25p improved to 4.4p (3.8p) and the net interim dividend is maintained at 1p. Last year payments totalling 2.7p were paid from profit of £15.1m.

## Growth by A. J. Mills

**ON SALES** shared from £25.5m to £29.2m, food importers and distributors A. J. Mills (Holdings) improved pre-tax profit by £102,841 to £428,734 in the half year ended April 30, 1977.

Mr. Alan Mills, the chairman, says he confidently expects the growth trend to continue during the normally more profitable summer months.

Stated earnings per 25p share were up from 4.3p to 5.7p and the net interim dividend is lifted to 1.5p (1.1p) absorbing £47,626 (40,744). The directors intend to increase the dividend for the year by the maximum permitted.

Last year payments totalling 2.7p were paid from profit of £1.8m.

For the six months tax took £172,500 (£228,000) leaving an attributable profit of £151,938 (£197,734).

## Dimplex calls in Receiver

**A Receiver** has been called into Dimplex Industries, electrical appliances manufacturers, by Midland Bank at the request of the group's directors.

Earlier yesterday the Board requested a suspension of the Dimplex share price at 9p, where the group is capitalised at £1.8m, pending clarification of its position.

Dimplex incurred heavy losses in the two years up to March 31, 1976, following the collapse of the U.K. night storage heater market on the back of soaring electricity prices.

In December, Dimplex announced first-half losses to October 15 of £612,000, marginally higher than the £598,000 of the corresponding period in 1975, but the directors said that while no forecast was possible they were confident of a second-half profit.

## HAT ACQUISITION

**HAT Group**, in a further expansion of its merchandising division, has acquired from Ellis Sykes and Son the plumbing and heating merchants section of their business which was hitherto carried on at Macclesfield and Stockport.

HAT will carry on the business under the name of James Chew and Co. from May 30 from the Macclesfield depot alone, but still serving the Stockport area.

The cash consideration is equivalent to asset value and will be in the region of £100,000.

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## COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amount specified for the financial years ending on the specified dates:

Company	Dividend	Rate
Tricentrol Ltd.	£42,084	31.12.76
Spey & Jackson	£206,183	29.1.77
International Ltd.	£603,324	1.1.77
The Gieves Group Ltd.	£272,370	31.1.77
Laporte Industries (Holdings) Ltd.	£3,071,129	2.1.77
British Home Stores Ltd.	£8,222,723	2.4.77
The Milford Docks Company	£52,160	31.12.76
Kwik-Fit (Tyres and Exhausts) Holdings Ltd.	£134,441	28.2.77
Viners Ltd.	£188,500	31.12.76
More O'Ferrall Ltd.	£19,155	31.12.76
FPA Construction Group Ltd.	£136,975	31.12.76
The Duxton-Forsyth Group Ltd.	£614,455	31.12.76
Selincourt Ltd.	£609,889	31.1.77
Toy & Company Ltd.	£28,106	31.12.76
William Mallinson & Denny	£1,871,972	31.12.76
Mott Ltd.	£245,525	31.12.76
French Kier Holdings Ltd.	£1,245,970	30.1.77
Lesney Products & Co. Ltd.	£1,712,687	31.12.76
Dunbee-Comber-Marx Ltd.	£19,703	31.12.76
Derrinton Ltd.	£1,722,089	31.12.76
BICC Ltd.	£221,869	31.12.76
Hunting Associated Industries Ltd.	£1,911,917	31.3.77
C E Heath & Co. Ltd.		

# Reed International Limited

## Preliminary Consolidated Profit Statement for year ended 31st March 1977

3 Months Ended		Year Ended	
31.3.76	31.3.77	31.3.77	31.3.76
291.0	420.7	1488.4	1063.6
168.2	220.8	797.8	647.2
122.8	199.9	690.6	416.4
17.0	29.3	110.0	61.5
10.9	19.9	62.1	31.5
6.1	9.4	47.9	30.0
(6.4)	(9.0)	(35.4)	(24.1)
10.6	20.3	74.6	37.4
8.6	10.7	40.4	21.9
3.9	6.3	20.8	9.3
4.7	4.4	19.6	12.6
2.0	3.6	34.2	15.5
0.9	2.1	7.0	2.2
1.1	7.5	27.2	13.3
		(7.3)	(2.1)
		19.9	11.2
		0.2	0.2
		14.5	10.1
		14.7	10.3
		5.2	0.9

**1.0p. 5.7p. EARNINGS PER ORDINARY SHARE OF £1 25.8p 14.0p**

Note: The Overseas results relate to the year ended 31st December 1976.

The Directors recommend payment of a Final Dividend in respect of the year ended 31st March 1977 of 7.0445p per £1 Ordinary Share. This proposed Final Dividend, together with the Interim Dividend, makes a total of 13p for the year compared with 11.0775p for the previous year. H.M. Treasury has undertaken to give formal approval to the increased rate of ordinary dividend under current statutory regulations.

Subject to approval at the Annual General Meeting which will be held on 4th August 1977, the Final Dividend will be paid on 16th August 1977 to Shareholders on the Register on 1st July 1977.

Earnings per ordinary share have been adjusted to reflect the effect of the Rights Issue made in July 1976.

REED INTERNATIONAL LIMITED REED HOUSE PICCADILLY LONDON W1A 1EJ

# VICKERS

## Foundations firmly laid for future growth

Points from the Statement by the Chairman The Rt. Hon. Lord Robens of Woldingham FC DCLLD which appears in the 1976 Report and Accounts.

**It is a great pleasure to report pre-tax profits for 1976 of £38.3 million, the sixth increase in successive years. Earnings per share rose from 36.2p to 40.2p. Group sales at well over £400 million were £100 million up on 1975.**

**Investment Programme**  
Last year I referred to our policy of reinvestment in our existing businesses and to acquisitions in related fields where, in aggregate, some £55 million had been expended in the years 1972 to 1975. More has been achieved in this field in 1976 and a continuation of this vigorous policy of investment and expansion is planned for 1977 and 1978.

**The Operating Groups in 1976**  
The policy of reinvestment and of strengthening our Operating Groups can be seen to be fully justified when considering the results achieved under the difficult trading conditions encountered during 1976.

- The Engineering Group showed further substantial improvement in profits. Activities in Australia and Canada made valuable profit contributions.
- Another creditable performance from the Shipbuilding Group demonstrated again that this business has consistently been strong and profitable.
- In a most difficult year for the office equipment market Ronco Vickers results were lower. However, following reorganisation, the Group is now well placed to take advantage of any recovery in demand.
- Howson-Algraphy, assisted by the substantial capital investment in recent years, reported record trading profits.
- In the Offshore Engineering Group, the high cost of innovation, the development of new techniques and exceptionally good weather conditions in the North Sea, which reduced the demand for Vickers Oceanics specialised services, all played a part in reducing profit levels during 1976.

**Consolidated Profit and Loss Account for the year ended 31st December 1976.**

	1976	1975
	£'000	£'000
Sales	424,234	324,904
Consolidated profit before taxation	17,403	18,674
Share of profits of associated companies	20,896	15,580
Profit before taxation	38,299	34,254
Taxation	19,160	16,567
Profit after taxation	19,139	17,687
Minority shareholders' interest	1,194	1,492
Stockholders' profit before extraordinary items	17,945	16,195
Extraordinary items	(1,767)	611
Stockholders' profit	16,178	16,806
Dividends	4,222	3,872
Profit retained	11,956	12,934
Earnings per £1 Ordinary Stock before extraordinary items	40.2p	36.2p

**Looking to the Future**  
I have already summarised the prospects of the principal activities and I have stressed the planning and investment which has been undertaken in advance of nationalisation to secure our long-term future.

I do believe that we have already done a great deal to lay firm foundations for future growth and that we have a strong management team, capable of building a sound and profitable business on these foundations.

We are engaged in the business of wealth creation by the making and selling of goods and engineering services. Our success nationally and internationally is vitally dependent upon skilled tradesmen, designers, technicians, engineers, scientists, salesmen and managers. Such people have been discouraged by the erosion of pay differentials and the consequent lack of incentives. This problem must be recognised and corrected before the nation can expect the wealth producers to create the larger cake which is the pre-requisite of bigger slices. Government policy and actions must provide for this together with a continued anti-inflation policy and a sensible approach to industrial relations, if we are to succeed quickly.

ROBENS

Copies of the Report and Accounts 1976 have been posted to Stockholders of the Company. The 110th Annual General Meeting of Vickers Limited will be held on the 23rd June 1977 at Millbank Tower, London SW1. VICKERS LIMITED, VICKERS HOUSE, MILLBANK, LONDON SW1P 4RA







# Tea boost for Eastern Produce

Turnover of £14.75m, compared with £10.22m in 1976. Basic earnings are up from 8.8p to 12.7p and once again there is no dividend, due to a deficit of reserves. The directors expect the deficit to be fully recouped during 1977. The last payments totalled 4.55p in 1976. Net asset value per 50p share was 77p (53p).

The results to date for 1977 indicate a further substantial improvement, largely due to the increase in the price of tea. It is stated.

Following the company obtaining representation on the board of Associated Fisheries, in which the company has a 34.5 per cent. shareholding, results of that company have been associated from February 19, 1976 to September 30, 1976—the net additional profit after tax as a result of this association is £192,000.

The group's profits after tax for 1976 included £588,390 attributable to the principal South African subsidiary—sold during that year.

Comparative figures for 1975 have been adjusted to exclude a deferred tax charge of £87,000 following a change in accounting policy.

# Kelsey Industries expands

A JUMP in taxable profit from £284,157 to £381,415 is reported by Kelsey Industries for the half year to March 31, 1977. Sales were better at £7.58m, against £5.5m.

The directors say that, although the rate of profit increase in the second half will not match that of the first six months, the figure for the second six months would be not less than the £1.68m, for the same period of 1976-76.

The company has entered a joint venture in the U.S., with a 51 per cent. shareholding, to develop sales of Bib Hi-Fi accessories.

Stated earnings per 12.5p share were 11.89p (7.48p) and the net dividend is raised to 1.50p (1p) to reduce disparity. Last year payments totalling £3,989,595 were paid from profit of £1.65m.

After tax of £522,000 (£337,000) net balance for the six months emerged at £489,415 (£297,157).

The higher sales and profit reflected improved combined sales by the manufacturing companies, particularly in exports. The order book and profit margins of the contracting company are similar to last year.

The company has interests in the manufacture of solder, soldering and audio accessories, and in industrial roofing and insulation contracting.

Turnover	14,750	10,220
Net revenue, etc.	1,147	1,387
Conversion of assets	1,596	408
Profit before tax	2,876	1,629
Taxation	2,476	785
Net profit	400	844
Dividend	0	13,581
Shareholders	4,732	25,463
Per share	8.45	52.95
Divid. %	0	25.1

# MIM AND PNG REACH TERMS

It is reported from Brisbane that Australia's MIM Holdings has reached agreement with the Papua New Guinea Government on the terms for mining the big Frieda River copper deposit which is now estimated to contain some 500m. tonnes of mineralisation containing 0.5 per cent. copper.

## BIDS AND DEALS

# Allied Breweries buys Goldwell for £2.9m.

Allied Breweries is taking over Goldwell, a privately-owned drinks company whose principal product is the drink "Snowball" in a £2.9m deal.

The offer has the backing of the Board and other principal shareholders including Goldwell's financial advisers, Kleinwort Benson, who together hold just over 90 per cent. of the issued Ordinary capital.

In addition, Electra Investment Trust, holders of all the 15,000 issued, preferred income shares, intends to accept the offer.

Terms for the 100,000 Ordinary shares are £24 in cash or 33 Allied Breweries shares for each Goldwell share. For each preferred income share it is £27.55 in cash and for each 2 per cent. non-cumulative preference share 50p in cash.

It is proposed to reorganise Goldwell's capital prior to the offer so that each ordinary share of £1 will become one new Ordinary share of £1 with a similar arrangement being made for the other classes of capital.

Since Mr. Rufus Bette-Bennett, the chairman of Goldwell, has no position from or provided by the company, the Board is considering making an ex gratia payment to him of £20,100 for which shareholders' approval is required.

Whether or not such a payment is authorised, Allied says that it would not affect the terms.

A spokesman for Allied said yesterday that Goldwell would continue to operate in the U.K. as a separate company "substantially in its present form" within the Allied Group.

Goldwell has a U.S. subsidiary with a factory near Baltimore. According to Allied, this factory is underemployed and the group intends to use the subsidiary to support the growing elder and perry business in the U.S. as well as for the development of sales of Goldwell's products.

Last year Goldwell made a pre-tax profit of £800,000 on a turnover of £4.7m.

# Singlo offer for Purbeck

Singlo Holdings, the tea company, is making a £1m bid for Purbeck Group which has tea estates in Malawi and interests in ceramics. Singlo's chairman Mr. D. Siocock, is also a director of Purbeck, already owns 18 per cent. of the Purbeck Ordinary and half of the convertible Preference shares which on full conversion would give it a stake of 31.4 per cent. In addition it has received irrevocable acceptances from certain holders amounting to 7.8 per cent. of the full converted equity.

Terms are 5 Singlo Ordinary and one new 12 per cent. cumulative convertible 50p Preference share for every 100 Singlo shares. With Singlo 1p lower at 14p yesterday and assuming, according to Singlo, a price of not less than 70p for the new Preference shares, this value each Purbeck share at 70p. Purbeck shares ended 9p higher yesterday in line with the offer.

A cash alternative of 85p per share is also intended subject to Singlo finalising its underwriting arrangements. Subject to this underwriting being completed Singlo will conditionally convert its Preference holding to give it 31.4 per cent. stake.

The new convertible Preference of Singlo will carry similar rights to existing convertible Preference shares.

Purbeck had no formal comment to make on the offer yesterday but the indications were that in the event of the doubling of tea prices, the terms might be considered too low. A major shareholder in Purbeck is Carnikow Group which on May 10 held 16.5 per cent. of the Ordinary and has a representative on the Purbeck Board.

For the year ended September 30, 1976, Purbeck made pre-tax profits of £254,000 and net assets at that date were £345,000.

# HEADCREST AND E. J. RILEY MERGER

Headcrest Investments and E. J. Riley, in which Headcrest has a 25 per cent. stake, have agreed to merge by way of offers to be made by a newly formed company E. J. Riley Holdings.

It is also proposed to make a scrip issue of three new Riley shares for each existing Riley share.

Terms of the offer are one share of Holdings for each of the shares of Riley not already owned by Headcrest and each of the new shares to be allotted under the scrip and one share of Holdings for every three shares in Headcrest.

Offers are to be made for the loan stocks of the two companies on the basis of £2 nominal of 12 per cent. convertible unsecured loan stocks of Holdings for every £2 nominal of 8 per cent. unsecured loan stock of Riley and 5A of Holdings stock for every £1 nominal of 12 per cent. convertible unsecured loan stock of Headcrest.

Riley shareholders have the right to elect to receive the term dividend of 0.75p a share and also the right to receive the new Riley scrip shares and Riley stockholders will retain interest accrued and accruing up to September 30, 1977. Headcrest stockholders will be similarly entitled for the period up to September 1, 1977.

Irrevocable undertakings have been received by Holdings from directors and certain shareholders of the two companies as follows: 58.2 per cent. of the Riley shares not already owned by Headcrest, 50.3 per cent. of the Headcrest shares and 43 per cent. of the Headcrest stock.

# BTR/SILENTBLOC

With reference to the BTR offer for Andre Silentbloc, the share option has, at the request of the City Panel, been re-opened and is available to shareholders who have not received by 3.30 p.m. on May 23. The option will close on June 14.

Accepting holders should take no further action unless their acceptance form was lodged after 3.30 p.m. on May 23 and they did not elect to receive the share option and no wish to do so.

Holders who lodged acceptances prior to 3.30 p.m. on May 23 should take no action.

# R-R MOTORS PROFITS UP

In the formal documents from Leard Brothers on behalf of R-R Motors, the chairman says that in the year ending March 31, 1977, R-R is making an 82m. takeover bid, it is stated that profits at R-R for the year to date are higher than those for the equivalent period of 1976.

The level of sales of R-R has improved in the past two months compared with the first quarter of the year during which sales were affected by manufacturing

# Turriff sees big profit rise

A MATERIAL growth in profits for the current year is forecast for the Turriff Corporation by Mr. W. G. Turriff, chairman.

The year has started well. A concerted effort has been in progress to improve the work load in hand, which includes a substantial proportion overseas.

Despite the general economic climate the chairman says that the company is determined to ensure that the range of its activities and their geographical spread, will provide favourable opportunities for future growth.

As reported on May 11 pre-tax profits for 1976 rose by 25 per cent. to £312,372. The dividend is 4.15p (3.78p) and a one-for-one scrip issue is proposed.

Mr. Turriff says that all of the company's outstanding problems have been resolved including the

# American Association

The American Association announces that 38 debenture holders representing \$US119,225 of 3 per cent. debentures 1996 had, by May 27 intimated their wish to tender the stock to the company for cancellation at a price of \$150 per \$500 of debentures.

This is in addition to the agreed purchase of \$876,075 previously announced.

The company remains ready to purchase any further debentures that may be tendered.

Having regard to reports of shareholdings over 5 per cent., it appears to the directors that the company may be at the present time, and may have become as at December 31, 1976, a close company.

# Barbican contract dispute.

The amount of the £880,056 before tax, equivalent to £333,237 after tax.

Meeting Warwick June 23 at 3 p.m.

# ECI planning £10m. new investment

PLANS ARE well advanced for funds in question. After allowing for starting-up expenses, a dividend of 2.8p a share is recommended to be paid out to the shareholders of ECI, the new investment company, in the coming month or so.

Against a sluggish industrial background in which many providers of funds are under-lent, however, Equity Capital has found that some applicants to it have withdrawn, as the rising share market—has made it easier for them to raise funds elsewhere.

This emerged yesterday as Equity Capital, set up more than a year ago by a range of institutions with £4m. to back viable concerns unable to raise share capital on the market, issued its first annual report and accounts. So far it has made only one investment, the provision of £1.75m. as part of a £2m. package of institutional and bank finance to help fortify Bond Worth Holdings, the tea-making carpet group.

Lord Plowden, Equity Capital's chairman, said yesterday that they had so far received 89 applications, out of which there were now 30 live cases, consisting of five probable candidates for investment and 25 possibilities. It appears that of the five likely to receive an investment of ECJ funds, plans in two or three cases have progressed to the point where an announcement is virtually ready to be made.

However, public statements are being held up to coincide with coming preliminary profit statements or other regular announcements by the companies in question.

Meanwhile, since ECI is only now reaching the stage of making investments, the cash subscribed by ECI shareholders last year has been placed in short-term investments (not gilt-edged), where it has earned an income of £3.9m. for the period April 26, 1976 to March 31, 1977. This return was equal to 12.6 per cent. on the average, say the directors.

# W'hampton & Dudley advance

FOLLOWING A very good start in the year Wolverhampton and Dudley Breweries has notched up a 13 per cent. increase in pre-tax profits in the first six months ended March 31, 1977, the figure being £2.6m. which compares with an extremely buoyant £2.26m. in the same period of 1976-76.

The result—achieved on a turnover up 19.5 per cent. to £19.4m.—gives the directors confidence that similar progress will be maintained in the second half.

Despite an increase in January prices remained very competitive and the high quality of the group's beers has been fully maintained. These two factors have helped the group to achieve record sales well above the national average, say the directors.

# BICC looks for growth this year

Mr. C. H. Broughton Phipps, chairman of BICC (old the annual meeting that progress in the first quarter was in line with forecasts in the annual accounts.

Barring unforeseen circumstances, he said, the results for the current year should show an overall improvement across the group. Three contributory factors were the growing range of new products, the increased profitability of the reorganised cable business, and the excellent progress now being made by Balfour Beatty.

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FT 16

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£467,481

1975 1976

D. M. Saunders, Chairman, Francis Industries Ltd.

Group companies are engaged in the engineering industry, specialising in the manufacture of packaging, automotive and industrial products.

**SUPRA GROUP LIMITED**

Highlights from the annual report and accounts by the chairman Mr. Quinton Hazel M.B.E.

Turnover	£4,196,440	£3,620,499
Operating Profit	£432,318	£338,397
Scrip Issue	1 for 10	1 for 10

Total direct exports from the Group amounted to £424,978, more than doubling our 1975 figure of £231,545 and 16 times greater than the 1974 figure.

Group turnover and profits for the first four months of the current year are substantially ahead of the figures for the same period last year; it is anticipated that this will be reflected in trading profits for the current year.

Full report and accounts available from the Secretary, Supra Group Limited, Kington Road, Southampton, Warrickshire, CV33 0JG.

**SUPRA**

Full report and accounts available from the Secretary, Supra Group Limited, Kington Road, Southampton, Warrickshire, CV33 0JG.

**INFLATION ACCOUNTING: THE DEBATE CONTINUES**

**40 Companies prepare with FASCIA**

With the completion of the six months exposure draft period, the ED18 specification for inflation accounting using the CCA method will come under final examination.

Although the results are not finalised, the outcome is certain to have far reaching effects on accounting procedures.

The importance of these changes is reflected in the high response to FASCIA. Over 40 major Companies have installed it and many more are examining its potential.

FASCIA—Fixed Asset System Control Information and Accounting—continues as the most successful system able to deal with the new fixed asset accounting requirements of ED18.

FASCIA's applications include: Inflation Accounting, Capital Project Budgetary Control, Plant and Property Register, Insurance Inventory Control, Rented Assets Control, Asset Utilisation and Performance Analysis.

For details of the many advantages of FASCIA contact: R.T.Z. Computer Services Ltd., 18/19 Sandland Street, London WC1R 4PZ Tel: 01-405 9564/5802 or Bristol at R.T.Z. Computer Services Ltd, Redcliff Street, Bristol BS1 6NS Tel: 0272-24181

**R.T.Z. Computer Services Ltd.**



MINING NEWS

# Fraser promises early uranium decision

BY PAUL CHESERIGHT

**THE AUSTRALIAN Prime Minister, Mr. Malcolm Fraser, has injected a degree of urgency into the development of a domestic uranium policy. A final decision on the recommendations of the second Fox report will be made soon after his return to Canberra from an overseas tour which ends on June 28.**

"The decision will not be delayed," he said in London yesterday shortly after his arrival for a visit during which he will discuss uranium with the Government. Mr. Fraser sees Mr. Anthony Wedgwood Benn, the Energy Secretary, this morning.

The future of the Yeelrie uranium deposit, owned by Western Mining, will be embraced by that decision. The Fox report only considered potential mining developments in the Northern Territory. Yeelrie is in Western Australia.

"When we look at the matter we will be looking at the total development of uranium in Australia, or otherwise. We want people to know where they stand as soon as possible," Mr. Fraser said.

The Fox report, based on evidence collected in a two year enquiry, recommended a start to mining at the Ranger deposit, owned by Peko-Wallend, E.Z. Industries and the Government itself, subject to stringent safeguards, and left the way open for the development of the Jabulka deposit, owned by Panconstrand and Getty, should the need arise.

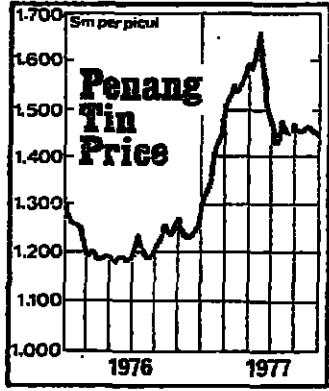
Mr. Fraser shrugged off potential objections by the Australian Labour Party in uranium mining — objections which if translated into policy by any forthcoming Government might interrupt the continuity of supplies, should a decision be made to export Australian uranium.

He said that the ALP had made no decision on the second Fox report and had no policies which would inhibit mining. The president of the ALP, Mr. Bob Hawke, had indicated that he was in favour of uranium exports.

Evidence that the Australian Government is speeding its decision-making on uranium development will be welcomed by potential customers in Europe, Japan and the U.S., all of whom have expanding nuclear power programmes.

Mr. Fraser has already visited Italy and he leaves London on June 18 for visits to Brussels, Paris, Bonn and Washington. In all of which capitals government leaders are conscious of the accepted wisdom that there will be a uranium shortage in the 1980s.

The pressure on world uranium supplies will increase should the Carter Administration in the U.S. be successful in its efforts to restrict the reprocessing of nuclear waste materials in first breeder reactors.



## Tin round-up

**THE general slide in prices of the major base metals has not left tin unscathed. The Penang quotation has fallen from its March peak of \$311.600 per picul to \$311.448. But unlike the copper prices, most tin producers are still making good profits at current price levels.**

Killinghall, for example, is doubling its interim to 50p for the current year to September 30. A total of 50p was paid for 1975-76. An added boost for this company is its rising production of tin concentrates which amounts to 439 tonnes for the past seven months compared with 322 tonnes a year ago.

The Malaysian-registered Sungai Besi, on the other hand, suffered a fall in production during the year to last March to 1,496 tonnes from 1,869 tonnes in the previous 12 months. In the statement of November last year regarding the company's change of domicile to Malaysia it was forecast that the loss for 1976-77 would be \$422.9m.

In the event, matters have been helped by the higher metal price with the result that the mine now announces a loss of \$311.5m (£375,600) for the year which compares with a loss of \$870,000 in 1975-76. Tronoh, which emigrated at the same time, announces a group profit for 1976 of \$34m (£946,000).

The small London-registered Malaysian Tin announces that it has been granted exemption from U.K. dividend control. Tin ore sold in the year to last March amounted, subject to audit, to 119,85 tonnes compared with 105 tonnes in the previous year. Its dividend of 0.654p net was paid for 1975-76.

In London yesterday, Killinghall rose 10p to 410p, Tronoh, 11p, Sungai Besi 6p and Malaysian Tin were all unchanged.

## PATINO CANADA OUTPUT RISING

**The Netherlands-based Patino group is expecting increased earnings this year from its Canadian mining operations as a result of higher production.**

During the first quarter the Copper Rand mine increased copper output to 3,38m lbs and gold output to 12,000 ozs.

These figures compare with 2,60m lbs of copper and 7,000 ozs of gold in the same period of 1976. The group's Lemoine mine produced 2.1m lbs of copper last quarter compared with 1.57m lbs a year ago.

As already reported, the West German Preussag group has acquired a 20 per cent stake in Patino NV, the shares of which were 144 yesterday.

SHARE DISCLOSURES

**Aureon Holdings:** Throgmorton secured Growth Trust holds 66,610 8 per cent convertible cumulative reduced preference shares (1.03 per cent). Throgmorton Trust holds 208,871 shares (22.01 per cent) and New Throgmorton Trust holds 135,071 shares (14.36 per cent).

**Wiggins Construction:** ITC Pension Trust, jointly with ITC Pension Investments hold 376,000 Ordinary shares (7 per cent). Mr. J. G. Wiggins holds 468,337 Ordinary shares. Messrs. J. G. Wiggins, C. C. Wiggins and D. Warren are trustees for the J. G. Wiggins Charity Trust hold 77,248 shares (13 per cent), and Messrs. C. C. Wiggins and D. Warren as trustees for the C. C. Wiggins Charity Trust hold 1,006,412 shares (20 per cent).

**Wiggins Trust:** Following sales by associated companies of 272,330 Ordinary shares, Edward Bates and Sons (notifiable interest) to have a 20 per cent interest.

**Glass and Metal Holdings:** 10,000 Ordinary shares held by Mrs. Rose Webber, spouse of Mr. Bertram Webber, have been sold at 80p per share.

**Avery:** As at May 26, Britnise Assurance Company held 1,530,000 Ordinary shares (5.01 per cent). E.I.B. Industrial: Compagnie Financiere Europeenne et d'Outremer, S.A. are the beneficial owners of 123,000 Ordinary shares (13.1 per cent).

**Allied Investments:** Dr. R. J. Powell, a director, has disposed of 180,301 Ordinary shares (4.5 per cent).

**Home Holdings:** As at May 26, London and Manchester Assurance Company and its subsidiaries hold 1,082,117 Ordinary shares representing 6.97 per cent of the unrestricted voting rights.

**Stone Plant Industries:** Commercial Union Assurance Company (Holdings) has 5.12 per cent in the company's preference share capital. Phoenix Assurance has a 5.12 per cent interest and Fidelity Star has an interest of 8.71 per cent. Prudential Assurance has a 5.36 per cent interest in the Ordinary share capital. Mrs. Leon, spouse of E. A. Leon, has disposed of 1,000 Ordinary shares at 140p.

**Barnett and Hallams:** Holdings: Mr. F. J. Kershaw, a director, has disposed of 1,000 Ordinary shares at 140p.

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**Jokai Tea Holdings:** Lawson Raw Materials and General Trust holds 15,000 6 per cent preference shares (1.0 per cent).

**Brooke Bond:** As a result of the recent rights issue Mr. M. S. K. Mansell and Mr. A. C. Swire, directors, have increased their shareholdings by 1,225 and 1,125 shares respectively.

**Hallam Sleich and Cheston:** ITC Pension Trust jointly with ITC Pension Investments announce that as at April 15 the Imperial Group held 185,000 Ordinary shares (5 per cent).

**Alpine Soft Drinks:** on May 25 M. and G. Endowment and Pension Assurance Company sold 10,000 Ordinary shares, thereby reducing their interest to 1,000 shares.

**Gill and Juffs:** Group Mr. P. H. Aitken has exercised an option to acquire 7,500 Ordinary shares which stock he has at the same time sold. His overall holding, therefore, remains unchanged at 275 stock units.

**Talbot Group:** Mr. S. H. Lum, a director, has acquired 40,000 shares.

**Janitar:** Mr. E. S. Nassar, a director, has acquired a further 10,000 shares bringing his total interest to 222,000 shares (28.63 per cent).

**Tube Investments:** Mr. I. H. Phillips, a director, has sold 10,000 Ordinary stock and Mr. R. J. A. Jones, a director, has sold 2,332 Ordinary stock.

**Lamson Industries:** As a result of the acquisition of the company by More Corporation, Mr. R. W. Hamilton, a director, no longer has an interest in L.J. Mr. Hamilton received a consideration of

**£850 for his shareholding.** Mr. D. W. Barr (also a director) received the same consideration for his shareholding on the merger becoming effective.

**British Printing Corporation:** Mr. D. J. Harbut, a director, disposed of 3,500 Ordinary shares on May 27 at 41p. Mr. Harbut's holding is thereby reduced to 25,200 shares.

**Dunlop Holdings:** Eagle Star Group has purchased a further 20,000 81 per cent Preference shares, and now holds 1,203,000 (82.3 per cent) of the 51 per cent Preference shares.

**Walker and Home:** Mr. G. R. Walker, director, has disposed of 100,000 Ordinary shares at 15 1/2p per share.

**Armour Trust:** Mr. C. R. Lambourne, director, has disposed of 2,000 Ordinary shares. Young and Co. Brewery: Mr. J. A. Young, a director, has disposed of 3,000 "B" Ordinary shares.

**Metal Closure Group:** Mrs. E. Boden, wife of Mr. J. Boden, a director, has acquired 1,000 Ordinary shares.

**Foreign and Colonial Investment Trust:** Mr. D. J. L. Fitzwilliams, a director, has disposed of 1,941 Ordinary shares at 129p.

**Lead Industries Group:** As a result of the recent change in the share capital, Prudential Assurance Company has an interest in 4.5 per cent of the Ordinary share capital.

**Coats Patons:** Mr. W. D. Coats, a director, announces that a trust in which he has a non-beneficial interest has sold 85,000 Ordinary shares.

**S. and W. Berisford:** Mr. W. L. Hubert, a director, in his capacity as a trustee for the Walter Hubert Charitable Trust, on May 26 sold 3,000 new Ordinary shares at 140p.

**Parings Mining and Exploration:** Mr. A. C. Doulton has acquired a further 15,000 shares bringing his total interest to 463,000 shares (6.46 per cent).

**English China Clays:** Company records of directors: Mr. J. F. 17,718 Ordinary shares from trustees of the Company's profit participation scheme to 710 employees who so qualified by long service in year to September 30, 1976. Three of the trustees concerned, Mr. A. N. G. Dutton, Mr. J. E. Carleton, and Mr. J. L. Williams being directors of the company.

**Term-Consult:** Mr. R. Lawson, a director, has disposed of 2,150 Ordinary shares remaining holding 177,150 shares (12.65 per cent) and Mr. P. J. Barden, a director, has disposed of 4,250 Ordinary shares leaving 175,750 shares (12.53 per cent).

**Transparent Paper:** Barclays Nominees (M and G Group) "E" account holds 300,000 Ordinary shares and not 30,000 as originally announced. The effective date of the holding is May 17, and not May 1.

**Dunbee-Combex-Marr:** Marline Resources of New York hold approximately 8 per cent of equity capital.

**Grange Trust:** Practical Investment Fund is beneficial holder of 345,650 Ordinary (3.7 per cent). Records of directors: Wharf An announcement by the Smith Trustee Company stated that company has interest in 1,333,385 Ordinary shares. Included in this amount were 232,678 shares registered in name of the Smith Trustee Company, and held by it as nominees.

**The Throgmorton Trust:** Following recent increase in the capital on conversion of loan stock, Prudential Assurance now holds 13.92 per cent of the issued Ordinary share capital.

**United Domestics Trust:** Following recent sale and repurchase of 98,000 Ordinary shares, Eagle Star Group's interest is 10.02 per cent.

**Great Shipways:** As at May 15, 1977, Outwich Investment Trust held 25,000 Ordinary shares.

**Jessel Toyabec:** Mr. A. E. Weatherall, a director, has sold 277,438 shares of his holding of 277,385.

**Ladhroke Group:** Mr. E. W. MacAdie, a director, and Mr. G. L. Leigh as non-beneficial trustees have reduced their interest to 2,940,000 Ordinary shares. Mr. MacAdie's total holding, including the foregoing, is now 3,183,870.

**Law Land Company:** Sir Henry Warner, a director, has disposed of his interest in 98,488 Ordinary shares to the beneficiary of a trust for no consideration.

**Winn Industries:** Mr. G. C. Howard, a director, purchased 10,000 Ordinary shares.

**Morgan Edwards:** Mrs. H. C. Bolton holds 132,693 Ordinary shares. Mr. E. K. Edwards holds 397,730 Ordinary and Mr. J. S. Freebrough and Anor (Stewart) hold 321,334 shares. These are held by three trustees for Mr. C. K. M. Edwards and Miss A. M. Edwards. ITC Pension Trust, jointly with Fidelity Star Investments, hold 10,000 Ordinary shares, Courage Staff Pension Fund holds 30,000 Ordinary shares.

**Rowntree Macdonald:** Trustees of the Joseph Rowntree Memorial Trust have notified company that they have disposed of 25,000 Ordinary shares at 25p and 25,000 Ordinary shares at 53p. They are now interested in 4,330,000 Ordinary shares (10.57 per cent).

**Mr. George William Frohles Dawney,** a director, has purchased 21,181 of Ordinary stock for his non-beneficial interest.

# Charterhouse Interim Report for the half year ended 31st March 1977

Results

The Group pre-tax profit for the first half year exceeded the previous year's record level notwithstanding the impact of higher interest charges and the severity of the downturn in the construction industry. This augurs well for the second half which produces a greater share of the year's total profit.

Development capital profits whilst lower in Canada were higher in both the UK and the US.

Charterhouse Japhet had an active and successful half year and increased its profits after transfer to Inner Reserve.

In manufacturing, Newage Engineers continued to benefit from extremely active export markets. The construction industry suffered from further Government cuts in expenditure and a particularly wet winter and as a result Charcon operated at a loss during the first six months. Alenco's profit was lower than in the corresponding period last year reflecting the continued weakness of the French market. The smaller manufacturing companies were buoyant and produced good results.

In distribution and services, Spring Grove started the year well and Edmondson Electrical showed a considerable profit improvement in conditions that were hardly favourable.

Excellent results were again achieved by Glanville Enthoven, the insurance broking subsidiary.

Outlook

Charterhouse continues to expand its profitable activities.

Good opportunities for minority investments in private companies are becoming more apparent both in the US and in the UK.

The Thistle oil field is expected to become productive during the next financial year and the Group's stake in this field will provide a good basis for development of its interests in the Fifth Round licences which have been awarded in Blocks 14/16 and 14/17 in the Moray Firth.

The Directors consider that the signs for the second half year are better than are reflected by the first half year's results and are pleased to be able to confirm the statement made by the Chairman in last year's Annual Report that he was "confident that in the absence of unforeseen circumstances we shall be reporting an increase in profit in 1977".

Interim Dividend

The Directors have declared an interim dividend of 1.18p per fully paid ordinary share (1976 - 1.18p). On share capital increased by the Rights Issue of June 1976 and the conversion of Loan Stock in March 1977, this dividend will absorb £1,077,000 (1976 - £797,000). It will be paid on 11th August 1977 to shareholders on the register on 14th July 1977.

	Half year ended	Half year ended	Full year ended
£'000	31.3.77	31.3.76	30.9.76
Turnover	67,699	61,337	131,169
Operating profit	1,293	1,359	2,646
Development capital	727	529	761
Banking	1,401	2,224	5,101
Manufacturing	1,983	925	2,270
Distribution and services	1,351	964	2,382
Insurance broking	(418)	(562)	(967)
Central activities	6,317	5,439	12,193
Interest payable	2,742	2,173	4,780
Profit before taxation	3,575	3,266	7,413
Taxation	1,275	773	1,983
United Kingdom	621	830	1,573
Foreign	1,896	1,603	3,556
Profit after taxation	1,679	1,663	3,857
Minority shareholders' interest	168	149	330
Profit after taxation attributable to the company	1,511	1,514	3,527

# CHARTERHOUSE

Copies of the full Interim Report can be obtained from The Secretary, The Charterhouse Group Limited, 1 Paternoster Row, St. Pauls, London EC4M 3DF. Tel: 01-248 3999

# Wadkin

Extracts from the statement of the Chairman, Mr. W. L. Sims OBE, on the accounts for 1976 adopted at the Annual General Meeting held on 31st May 1977.

- \* Increase of 20% in Export Sales during 1976
- \* New and improved designs continue to be prepared
- \* Demand in 1977 for both the two main products and the new tools is increasing
- \* Good progress of machine tools in foreign markets and overseas

	1976	1975
Group turnover	15,831	13,311
Profit before taxation	1,735	1,603
Net profit after taxation	918	759
	p.per share	p.per share
Earnings	19.13	15.83
Dividends	5.3	4.82
Transfers to reserves	13.83	11.00

WADKIN LTD., WOODWORKING MACHINERY & MACHINE TOOLS, GREEN LANE WORKS, LEICESTER LE5 4PF

NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

# Mid Southern Water Company

(Incorporated in England on the 27th July, 1893 by the Frimley and Farnborough District Water Act 1893.)

## OFFER FOR SALE BY TENDER OF £5,000,000 8 per cent. Redeemable Preference Stock, 1982

(which will mature for redemption at par on 30th June, 1982)

### Minimum Price of Issue—£99 per £100 Stock

yielding at that price, together with the associated tax credit at the current rate, £12.43 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order, 1973, such rate was reduced to 2.5 per cent. In relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 8 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit at the current rate of Advance Corporation Tax (35/65ths of the distribution) is equal to a rate of 4.473 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Deloitte & Co., New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London EC4P 4JX marked "Tender for Mid Southern Water Stock", so as to be received not later than 7.11 a.m. on Thursday, 9th June, 1977. The balance of the purchase money is to be paid on or before 30th June, 1977.

STATUTORY AND GENERAL INFORMATION

The Company was incorporated by special Act of Parliament in 1893, and now supplies water in an area of approximately 580 square miles in parts of Berkshire, Hampshire, Surrey and Sussex to a population of approximately 600,000. In addition, large supplies of water are afforded under agreements to various Government Establishments. The length of trunk and service mains is some 2,300 miles and the average daily quantity of water supplied by the Company is 35 million gallons.

The present issue is being made to provide for the redemption at par, on 30th June, 1977, of £1,500,000 7 per cent. (formerly 10 per cent.) Redeemable Preference Stock, 1977, in accordance with its original terms of issue and to provide funds for capital expenditure incurred or to be incurred on new works, trunk mains and extensions of mains, necessary to meet the increasing demand for water. The Company's programme of capital expenditure is a continuing one, and further capital will be raised as and when required.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:—

Seymour, Pierce & Co., 10, Old Jewry, London, EC2R 8EA.

Barclays Bank Limited, 65, High Street, Camberley, Surrey GU15 3RQ.

or from the Offices of the Company at Frimley Green, Camberley, Surrey GU16 6HZ.

ABRIDGED PARTICULARS

Following recent increase in the capital on conversion of loan stock, Prudential Assurance now holds 13.92 per cent of the issued Ordinary share capital.

**United Domestics Trust:** Following recent sale and repurchase of 98,000 Ordinary shares, Eagle Star Group's interest is 10.02 per cent.

**Great Shipways:** As at May 15, 1977, Outwich Investment Trust held 25,000 Ordinary shares.

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**Rowntree Macdonald:** Trustees of the Joseph Rowntree Memorial Trust have notified company that they have disposed of 25,000 Ordinary shares at 25p and 25,000 Ordinary shares at 53p. They are now interested in 4,330,000 Ordinary shares (10.57 per cent).

**Mr. George William Frohles Dawney,** a director, has purchased 21,181 of Ordinary stock for his non-beneficial interest.

MAURICE JAMES

In response to York Trust's offer for Maurice James, acceptances have been received for 2,385,738 shares (84.23 per cent). The number of shares held by York before the offer was 1,000,000. The offer has been declared unconditional and will remain open for a further 14 days.

CLUBS

Eye, 189 Regent Street, 7.30-9.55. A 12 piece of All-in-one, Fine Sportscar and more. John, 12-12.45. For more information, contact: GARGYLE & SON, 100, W.1. NEW STRIPPER FLOORING SHOW at 11.00-1.00. Also 1.00-1.30. Show at 11.00-1.00. Also 1.00-1.30. Show at 11.00-1.00. Also 1.00-1.30.

EXHIBITIONS

CHRISTOPHER HOUSE ANTIQUES FAIR, Park Lane, W.1. June 2-3. Admission free. 10-6 p.m. Closed Sunday. Tickets 1.50 (including insurance handbook).

Handwritten note in Arabic script: "مكتبة من الادب"



WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Small losses but above the worst

FURTHER LOSSES were scored on Wall Street, although the close was above the worst in more than a year...

After falling about four points in early trading and moving ahead some two points in the afternoon...

Analysts said the Stock Market's problems stem from steadily rising short-term interest rates and concern about the longer-term outlook for the U.S. economy.

Twenty-first Century Corp., the most active issue, moved further ahead \$1 to \$18, attributed to what it called the "outstanding reception" of its new feature film "Star Wars"...

Canadian Stock Markets were slightly higher in light trading...

But Four Seasons Hotels shed 3 cents to \$2.7 on reduced first quarter profits.

Simpsens were active, but off 5 cents to \$4.55. Canada Malted Barley rose 1/4 to \$2.45...

PARIS—French shares mixed to fractionally easier. Brokers cited the raising of the Call Money rate by 1 per cent to 9 1/2 per cent.

BRUSSELS—Sharply lower. Among foreign issues, German U.S. and Dutch stocks fell...

AMSTERDAM—Market eased in full trading with indices down 1/2 to 1 1/2...

Financial Package which includes introduction of Value Added Tax, and also over the future trend of interest rates on Money and Capital Markets.

Dollar stocks generally drifted lower. Dutch shares were also inclined easier, while Germans were barely steady.

MILAN—Stocks were mixed in thin dealings with no new initiative to stimulate business.

OSLO—Shipments were at a new low, while Industrials, Insurances and Bankings were quiet.

VIENNA—Generally slightly better. COPENHAGEN—Generally higher in moderate dealings.

Sterling closed at its firmest widened to 2 1/2 per cent from 2 1/4 per cent against the U.S. \$21 cent domestic and international delivery.

The pound opened at \$1.7165-1.7170, and rose steadily to close at \$1.7191-1.7195, a gain of 20 points on the day...

The dollar finished slightly firmer against most major European currencies, although trading was generally steady.

EURO-STERLING INTEREST RATES\* May 31 Starting (U.S. Dollar) Canadian Dollar Dutch Guilder W. German mark Swiss franc

U.S. \$ in Montreal U.S. \$ = 106.11-13 Canadian Cents. Canadian \$ to New York C\$ = 69.12-14 U.S. Cents.

TUESDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Change, High, Low, and Volume. Includes stocks like 26th Century-Fox, Atari, and others.

INDICES

Table showing Dow Jones Industrial Average and other indices with columns for Date, High, Low, and Change.

OTHER MARKETS

Table listing various market indices like NYSE, AMEX, and COMEX with their respective values and changes.

NEW YORK - DOW JONES

Table showing Dow Jones Industrial Average performance from May 27 to May 31, 1977.

EXCHANGE CROSS-RATES

Table showing exchange rates for various currencies including British Pound, Swiss Franc, and others.

EURO-CURRENCY INTEREST RATES\*

Table showing interest rates for various Euro-currency deposits and loans.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various countries like Australia, Brazil, and others.

FORWARD RATES

Table showing forward exchange rates for various currencies.

OVERSEAS SHARE INFORMATION

Large table listing overseas share information for various companies, including stock names, prices, and changes.

NEW YORK

Table listing New York stock market activity, including stock names, prices, and changes.

CANADA

Table listing Canadian stock market activity, including stock names, prices, and changes.

TOKYO

Table listing Tokyo stock market activity, including stock names, prices, and changes.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

KHD profits rise—but warning sounded

BY JOHNATHAN CARB

BONN, May 31.

THE WEST GERMAN engineering and utility vehicles company KHD has announced that its profits rose by 11 per cent last year...

THE AQUARIUS PROGRAMME

Mr. Lewis sees it through

BY JOHN WYLES IN QUINCY, MASSACHUSETTS

IT TRIS WERE STILL the era of the sailing ship, signs of relief would ensure that the liquefied natural gas carrier...

the objections of General Dynamics largest stockholder, Henry Crown, and of several other Board members...

of Commerce, announced approval for the \$730m federal loan guarantee which enabled General Dynamics to finance the seven ships.

... as the yard prepared for the ship's formal naming ceremony prior to her delivery this week, it was little wonder that Mr. David Lewis, General Dynamics Chairman, was moved to ask rhetorically "you never thought we would do it, did you?"

AMERICAN NEWS

St Regis \$300m. plan

BY JOHN WYLES

NEW YORK, May 31.

THE ST. REGIS paper company share is generally regarded as one of America's biggest paper pulp manufacturers...

As the yard prepared for the ship's formal naming ceremony prior to her delivery this week, it was little wonder that Mr. David Lewis, General Dynamics chairman, was moved to ask rhetorically "you never thought we would do it, did you?"

Three man team for UAE Board

BY KATHLEEN BISHTAWI

DUBAI, May 31.

SHEIKH ZAYED, President of the United Arab Emirates, has decided to replace Mr. Ronald Scott, managing-director of the UAE Currency Board with a three-man panel of UAE nationals.

designed to curb credit and bring down the inflation rate in the country. The better established foreign banks are still receiving a greater than average amount of deposits...

Saab data-processing plan

BY JOHN WALKER

STOCKHOLM, May 31.

SAAB-SCANIA, the Swedish commercial car, aircraft and data processing equipment manufacturer, are to form a new company in co-operation with the State for the manufacturing and marketing of data processing equipment...

Sharon Steel accusation

PEAT MARWICK MITCHELL and Co. has accused the Sharon Steel Corporation of Pennsylvania of concealing and misrepresenting significant matters affecting the special steel manufacturers 1974 and 1975 financial results.

Amex market programmes

THE AMERICAN stock exchange has said its Governing Board has instructed the Amex administration to proceed "promptly" with a series of programmes designed to improve the exchange's competitive position in the market for both equities and options.



Société Anonyme with a capital Fr. Frs. 465,001,200 Registered Office: 28 rue Émile-Mérier, Paris 16e

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Lafarge will be held in Room La Descente, Hotel Mandrin, 81 Boulevard Gouvion Saint Cyr, 75017 Paris, at 5.30 p.m. on Thursday, 23rd June 1977...

Bk. of Israel report

BY OUR OWN CORRESPONDENT TEL AVIV, May 31.

THE BANK of Israel's annual report for 1976 published today shows that there was an improvement in the country's balance of payments.

EUROBONDS

EEC loan discount

BY MARY CAMPBELL

IN WHAT was effectively first bid today, the EEC's two-tranche issue opened at a substantial discount from the 99 per cent offering price.

MEDIUM TERM CREDITS

\$17m. for Kurishima

BY FRANCIS GHILES

KUHN, LUËB and Co. Asia is managing a \$17m. loan to an asset owned wholly owned subsidiary of Kurishima dockyard group of banks.

BONDTRADE INDEX table with columns for Bond, Yesterday, Friday

Bayerische Vereinsbank Finance Company B.V. U.S. \$30,000,000 Guaranteed Floating Rate Notes Due 1981

US \$50,000,000 Gabinete da Area de Sines (An Agency of the Republic of Portugal) Guaranteed Floating Rate Serial Notes 1982 Unconditionally guaranteed as to principal and interest by the Republic of Portugal

Handwritten Arabic text at the bottom of the page.



INDUSTRY COMPANY NEWS

JAPANESE AIRLINES

JAL doubles earnings forecast

BY DOUGLAS RAMSEY

JAPAN'S AIRLINES have managed to exceed and in the case of JAL more than double their earnings forecast for the fiscal year ended in March...

net earnings meant a ¥17.7bn loss. Now it looks certain that JAL will have to pass a dividend at its June shareholders' meeting...

JAL managed to boost its passenger load factor on both international routes (up 3.5 per cent) and domestic ones (up 2.5 per cent)...

TOKYO, May 31

Gollin directors accused

BY JAMES FORTH

THE FORMER managing director of Gollin Holdings which collapsed in 1976 with debts of more than \$300m...

of being judged a failure by the court. The second and more compelling motive was that Mr. Gale's fortunes at that time were almost entirely bound up with the group's fortunes...

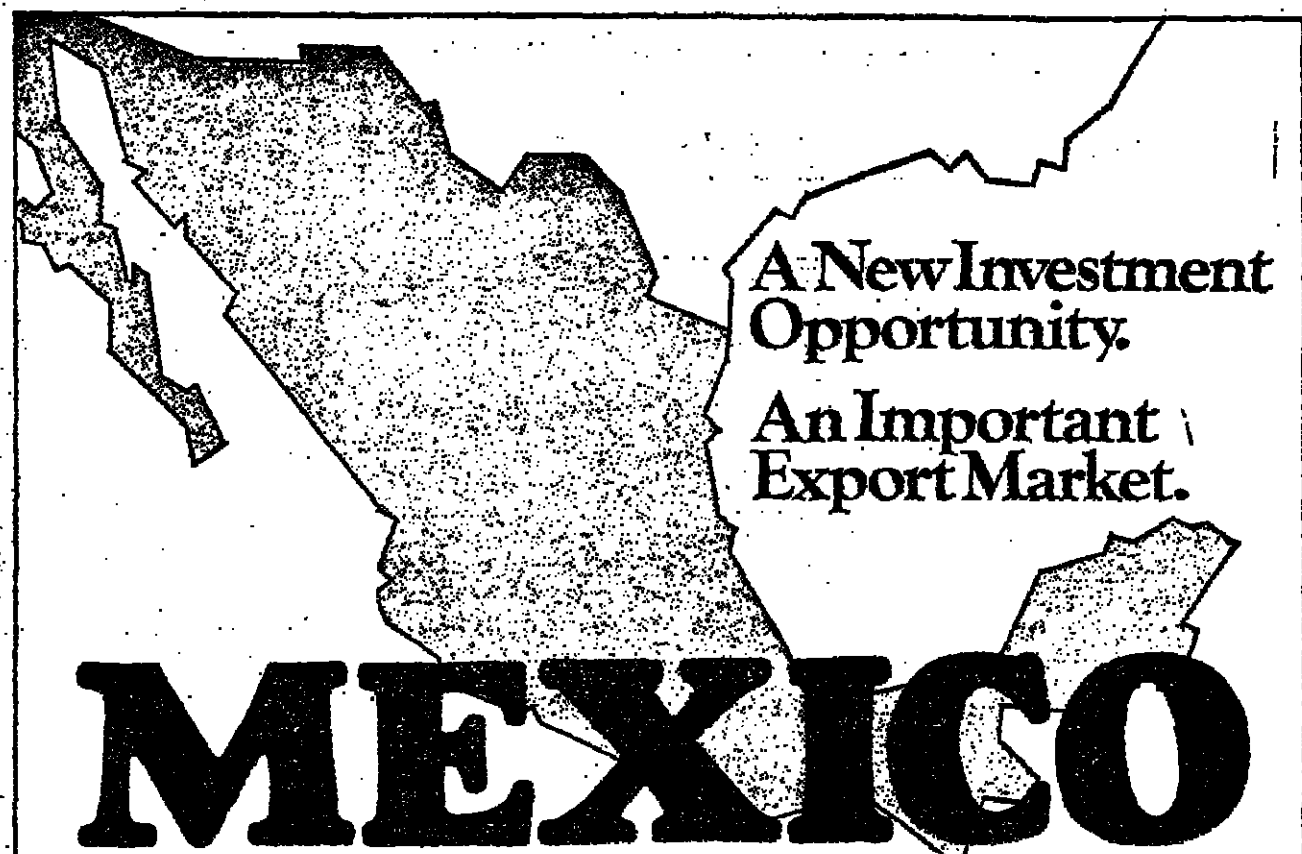
Mr. Glenister's position was much the same as he owed Gollin \$418,000 at the time. The report detailed how the interim accounts were originally allegedly manipulated and falsified...

DBS stake in Arab consortium

By H. F. Lee

SINGAPORE, May 31

THE DEVELOPMENT Bank of Singapore (DBS) has taken a stake in the major Arab bank, Banque Arabe et Internationale d'Investissement (BAII)...



MEXICO

Grindlay Brandts Limited and Nacional Financiera S.A., the development Bank of the Mexican Government, are proud to announce the formation of the official Trust Fund to promote Anglo-Mexican joint ventures.

The Trust Fund 'BRINMEX' was established on 11th March, 1977 in London and will provide advice and assistance to BRITISH companies in the following ways:-

- \* Help with the financing of Anglo-Mexican joint ventures and the export of associated goods and equipment. \* Market surveys and feasibility studies. \* Selection of local partners and representatives. \* Local market advice. \* Corporate finance advice.

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Santiago de Leon, London Representative, Nacional Financiera S.A., Floor 17, 99 Bishopsgate, London EC2P 2LA. Tel: 01-626 0016, 7



Premier Milling to invest R10m.

BY RICHARD ROLFE

JOHANNESBURG, May 31

THE ANNUAL report of Premier Milling, in which Associated British Foods holds an interest of 52 per cent, discloses that the group is to spend about R10.5m on capital account in the current year...

will undoubtedly have disastrous results for all concerned. For the year to March 31, pre-tax profits rose from R28.5m to R34.1m and the report shows that as in the past the group's milling and gunning profits were the mainstay...

ably enable the group to fund planned spending commitments and perhaps even to reduce short-term borrowings of R35m. The report also shows that the group's earnings appear to be a mixture of growth by acquisition and volume expansion...

H.K. Resort shares bought

By Daniel Neilson

HONG KONG, May 31

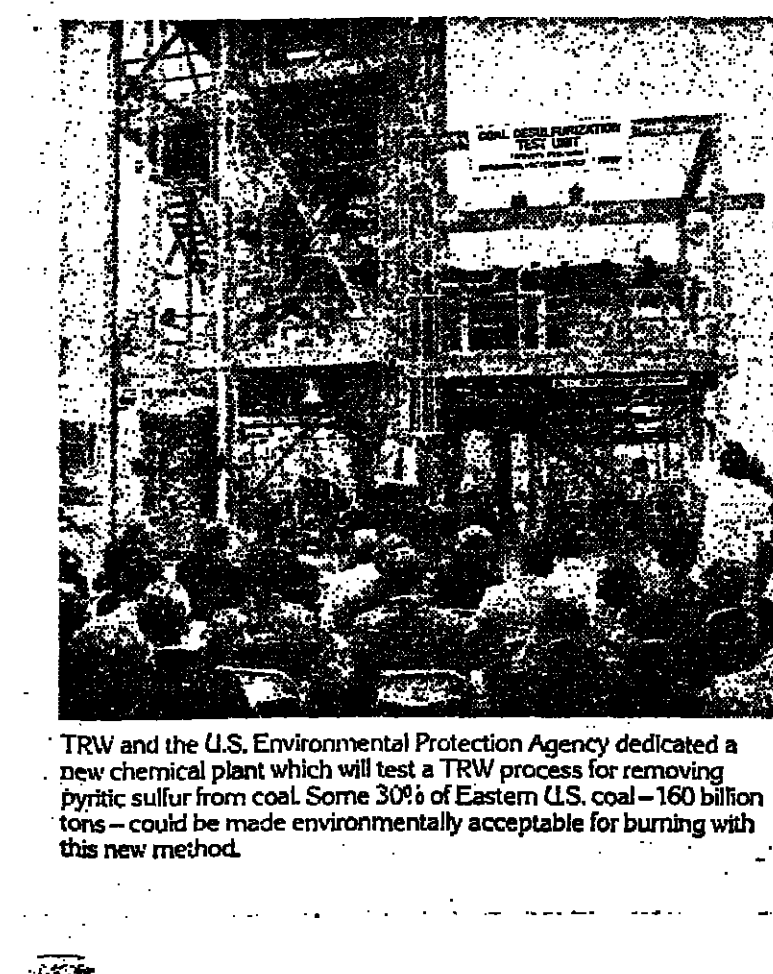
A NEWLY formed consortium, Thornleigh Ltd., has bought of this to-day when Hong Kong Resort Company, and will be valued at \$112,000m. development of Discovery Bay on Lantau Island.

REPORT TO INVESTORS from a company called TRW

TRW Sets First Quarter Records; Increases Dividend.

Table with 3 columns: Metric, 1977, 1976. Rows include Worldwide Consolidated Sales, Pre-Tax Earnings, Net Earnings, Earnings Per Share (Primary, Fully Diluted), Dividends Per Common Share, Common Shares Outstanding.

TRW Inc., a major international supplier of high-technology products and services, reports a record first quarter sales, earnings and earnings per share.



TRW's performance was the result of continued strength in most of its markets, especially electronics, U.S. automotive replacement parts, U.S. and international original equipment car and truck components, and fasteners.

A COMPANY CALLED TRW

TRW and the U.S. Environmental Protection Agency dedicated a new chemical plant which will test a TRW process for removing pyritic sulfur from coal.

DOMESTIC BONDS

Coupons begin to rise

BY JEFFREY BROWN

FOLLOWING the recent spate of heavy new issue activity, coupons on the Dutch market are beginning to edge upwards.

are to be priced by next Monday, and although Paribas NV is to announce a coupon of 7 1/2 per cent, the Stad funding is fixed at 8 1/2 per cent.

announced by French bank Comptoir des Entrepreneurs is seeking Frs.300m. through an issue of 11.3 per cent 15-year bonds at par.

Inchcape BHD expects improved year

INCHCAPE BHD said first quarter 1977 profits were similar to the year-ago period and indications suggest some improvement for the year as a whole.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for Bond Name, Bid, Offer, Bid, Offer. Lists various Eurodollar bonds such as ALBA, Australia, Canada, etc.

Hong Kong Engineering profit rises

HONG KONG Engineering and Construction announced a consolidated net profit for 1976 of \$HK11.3m, up from \$HK9.82m.



# Pilot scheme in wool textiles

By RHYS DAVID, Textiles Correspondent

## NOTICE OF DRAW AND REDEMPTION



### finsider international

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#### US\$ DEBENTURE LOAN WITH A COUPON OF 7.75% - 1970/1985 (Guaranteed by FINSIDER)

FINSIDER INTERNATIONAL having already acquired under the Terms of the Loan, 1,478 bonds of a face value of \$1,000 each on the market, Banco di Roma in its capacity as Paying Agent has drawn lots on the issuer's behalf, in accordance with the Sinking Fund Scheme, for the remaining 125 bonds necessary to cover the eighth redemption instalment, due on July 1, 1977.

The draw was on May 16 1977 in the presence of a solicitor and of representatives from the Issuing Company and the Guarantor.

#### BONDS DRAWN FOR REDEMPTION JULY 1, 1977

137	208	2785	3692	5057	5266	5526
5620	5632	6756	6759	6931	7065	7416
7637	7676	7873	7938	8044	8046	8147
8244	8283	8505	8587	9096	9229	9357
9459	9508	10339	10503	10800	11106	11162
11167	11518	11721	11897	12005	12047	12062
12218	12385	12468	12542	12646	12842	13048
13097	13118	13177	13405	13521	13869	13960
14118	14500	14910	14924	14941	15232	15271
15341	15364	15468	15490	15951	16150	16158
16255	16363	16453	16565	16805	16837	16879
17053	17065	17081	17155	17158	17335	17647
17860	17893	18268	18477	18600	19013	19224
19397	19410	19504	19563	20192	20199	20274
20585	20739	20916	21061	21228	21325	21338
21609	21673	21922	22213	22537	22750	23031
23064	23233	23250	23970	24183	24260	24264
24320	24439	24750	24906	24915	24922	

The bonds indicated above for redemption will expire and be made payable as from July 1, 1977 in US dollars for the entire nominal capital plus interests accrued up to that date. They must be presented for redemption with all coupons expiring after July 1, 1977, at the following institutes:

- BANCO DI ROMA
- MANUFACTURERS HANOVER TRUST COMPANY
- S. G. WARBURG & CO. LIMITED
- BANQUE INTERNATIONALE A LUXEMBOURG S.A.  
LUXEMBOURG (former BANQUE LAMBERT S.A.  
LUXEMBOURG)

**BANCO DI ROMA**  
Paying Agent

Rome, 17 May, 1977

IN THE often beleaguered world of textiles, Britain's wool textile industry has won itself a reputation as a bastion of success. It manages every year to export more than one-third of its output, winning for overseas sales in 1976 a total of more than £300m., and in spite of the difficulties of the worldwide recession, it has shown itself sufficiently self-confident to embark on a substantial programme of investment. As the first industry to be chosen for an Industry Act aid scheme, wool textiles took full advantage of the £15m. initially set aside by the Government and a further £3m. was eventually voted to meet the industry's requests. The total investment secured as a result of the scheme when it closed—to be succeeded by a more modest scheme announced in February—was around £80m., making it so far the most successful of the Industry Act schemes drawn up to encourage rationalisation and change in key sectors.

The wool textile experiment — launched by the EDC after careful soundings had found a number of companies interested in such an approach — aims at creating a forum for discussions and a small but successful start has been made. The system which is being extended to two other textile sectors — knitwear and clothing — will make use of the services of a senior figure from within the industry who has the necessary stature and impartiality to open up channels of communications inside companies, and at the same time to set the debate in the context of overall national economic considerations.

In the case of wool textiles Mr. Leslie Bamford, a recently retired director of Coats, Patons, itself a big wool textile producer, has been playing this role, and he has now had the first of what are likely to be twice yearly discussions with a handful of companies.

The aim is to set in motion discussions lasting possibly a whole day and involving senior management, unions, including full-time officials, and where relevant major shareholders — something which in most cases will have never happened before. The meetings will not follow any set pattern except that Mr. Bamford takes the chair, and after a runthrough by the EDC representatives outlining their role and explaining the industrial strategy, the company is invited to make a presentation. This is likely to cover its current position, its intentions in relation to investment, production, and employment as well as its views on problems facing it individually or the industry as a whole.

The contribution of the EDC is the overall economic background against which the company may have to pursue its various plans — the likely size of the market depending on certain assumptions about future growth rates, import levels, fashion trends and other important factors. The discussions also provide an opportunity for various indices of the company's own performance (for example productivity) to be compared with those of the industry as a whole.

Equally important, the unions which will in most cases have been previously involved in discussions with the company con-

cerned only over wages and conditions, will be drawn into the dialogue, and as well as making their own contribution will have the opportunity to discuss developments, which could have a vital effect on their members.

The scheme will remain voluntary and stops a long way short of the planning agreement idea. The talks too will be regarded by all parties concerned as confidential. Nevertheless, though the parties will be involved in discussions only the EDC is clearly hoping for wider and deeper results to emerge if the present pilot project in wool textiles proves successful and those involved want to see it extended.

"We are hoping to establish a form of two-way communication in which we will put to the industry the picture as we see it of the future, while getting back from the industry what it feels and intends to do. We hope the meetings will provide a context for decisions to be taken which will not only be in the interests of the companies and their employees but in line with national objectives as well," a senior EDC official states.

The scheme obviously has implications for other industrial sectors but it has been launched in wool textiles partly because it appears to offer the most fertile ground for experiment. Mr. Tom Fraser, a former industrial director of NEDO who has recently retired as chairman of the wool textiles EDC, points out that the industry has a long tradition of working together as a sector and with its unions.

The industry, 80 per cent. of which is concentrated in the West Riding of Yorkshire, has long had a central "thinking box," the Wool Textile Delegation. This brings together senior figures from rival concerns to consider common problems, Mr. Fraser argues. It is the only industry to pay a statutory levy for export promotion and one of the few to have a levy for research. Its knowledge of its own problems gained from the W. S. Atkins report commissioned by the wool textile EDC ten years ago enabled it to put in for the first of the Industry Act aid schemes.

Furthermore in the working

of the scheme a much greater role was given to the unions than under any of the other subsequent schemes, and this has paved the way for their involvement in the new experiment. Under a code of practice laid down in the terms of the Industry Act scheme employers had to consult the unions on any proposed investment before submitting an application for aid so that the full implications for employment could be considered. Two months were set aside for these consultations and applications had then to be accompanied by a certificate signed by a full-time union official indicating that the consultation procedure had been followed. As a result the groundwork for union co-operation in discussing company plans has already been laid in those groups where investment has taken place under the aid scheme.

There are other reasons too for hoping for success for the pilot project now being launched. "It is a small industry employing only 60,000 people and it only takes a couple of companies to join and the word will go around. There are not many other industrial sectors which are so tightly knit," one leading participant points out.

The system is still at a very early stage and publicity has been eschewed while the delicate process of persuading companies to agree to the wisdom of baring their breasts in front of unions and outside observers from the EDC is set in motion. The names of the companies being visited by Mr. Bamford have not been disclosed though it is known to include some of the more important medium-sized groups.

In spite of the secrecy, however, the first few meetings by participants are known to have been highly successful, with the unions in particular welcoming the insights gained into the prospects facing employers. From the companies' point of view, too, the experiment has come at an opportune time. Largely as a result of buoyant export trade, the sector is currently enjoying a return to much higher levels of profit after several poor years, as figures from a number of leading producers in the industry have shown recently.

There remain substantial problems confronting the industry, of the curback ordered earlier this month by Burton

the outfitters and a major customer of the Yorkshire industry, has illustrated. The U.K. menswear market has been depressed for some time and a major proportion of sales has now also been captured by imports, depriving wool textile producers of sales to clothing manufacturers and increasing their dependence on possibly vulnerable export markets.

## New liaison

Therefore part of the task which the EDC hopes to undertake through the new liaison with companies is to help direct their energies towards the right products and markets. For though Britain does have a large share of world trade in wool textiles, there is scope for improvement in some areas, notably Europe. West Germany, as a result of the decline of its textile industry, has emerged as a major importer of wool cloth and yarn. Of the 19m. kilos of wool cloth imported by Germany from other EEC members in 1976 Britain, however, supplied only 1.4m. against Italy's 13.5m., France's 1.8m. and the Netherlands 1.8m.

The industrial strategy document drawn up by the EDC last July for wool textiles pointed to other short and medium term problems. Apart from worries about declining living standards in the U.K. leading to reduced spending on clothing, these include the high tariffs faced by the industry in a number of major markets, including the U.S., and the high cost finance and possible labour shortages. The cyclical nature of the industry coupled with low wage levels has made it unpopular with workers and there are fears that as a result of narrowing differentials of recent years it might prove difficult to attract sufficient skilled workers to meet a big upsurge in demand.

The hope is that if the experiment gains wide acceptance it will help companies to plan ahead and deal with these and other problems, thus enabling the industry to maintain its competitive position in world markets. As such the system would be important to the industry in the 1980s as the wool textile aid schemes have been in stimulating the high level of investment of the past few years.

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TAN  
of the fr







STOCK EXCHANGE REPORT

Leading equities end mixed after early technical rally Short-dated Gilts under pressure and close with falls to 7/8

Account Dealing Dates... First Declared Last Account Dealings... Jun 23 Jun 9 Jun 10 Jun 21 Jun 22 Jun 23 Jun 24 Jun 27 Jun 28 Jun 29 Jun 30

rest and in a business much reduced from Monday's... After an initial technical improvement to 395p... Stores 355... Wines & Spirits FT-Actuaries Index... C.U. unchanged... No relief for Gilts

raising announcement from Caplan Profile, 48p, and ICL 205p... improvement of 4 to 80p... After a firm opening, Shippings eased back and closed at or near the overnight level... Golds easier... REED INT. ON TARGET... RECENT ISSUES... RIGHTS OFFERS... ACTIVE STOCKS

After a firm opening, Shippings eased back and closed at or near the overnight level... Golds easier... REED INT. ON TARGET... RECENT ISSUES... RIGHTS OFFERS... ACTIVE STOCKS

FINANCIAL TIMES STOCK INDICES. Table with columns for various indices like Government Secs, Fixed Interest, Industrial Ordinary, etc.

HIGHS AND LOWS. Table showing high and low prices for various stocks like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

NEW HIGHS AND LOWS FOR 1977. Table listing new high and low prices for various sectors like CANADIANS, BEERS, DRUGS, etc.

RISES AND FALLS YESTERDAY. Table showing percentage changes for various sectors like British Funds, Foreign Funds, etc.

Every Saturday in the FINANCIAL TIMES now also on Mondays. LOCAL AUTHORITY BOND TABLE. Authority cross interest minimum life of bond. Includes a large stamp: 'APPROVED BY THE FINANCIAL TIMES'.

FT-ACTUARIES SHARE INDICES. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries. Includes EQUITY GROUPS, FIXED INTEREST STOCKS, RIGHTS OFFERS, ACTIVE STOCKS, and FIXED INTEREST PRICE INDICES.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts including: Arbutnot Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Bds.) Ltd., Kemp-Coo Management Jersey Ltd., and various other investment funds.

Table of Authorised Unit Trusts including: Guardian Royal Ex. Unit Mgmt. Ltd., Fidelity Mgmt. & Res. (Bds.) Ltd., Kemp-Coo Management Jersey Ltd., and various other investment funds.

Table of Offshore and Overseas Funds including: Arbutnot Securities (C.I.) Limited, Fidelity Mgmt. & Res. (Bds.) Ltd., Kemp-Coo Management Jersey Ltd., and various other investment funds.

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Table of Base Lending Rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Banks Ltd., and others.

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HISTORY TODAY Edited by Peter Quennell and Alan Hodge. In the JUBILEE NUMBER June 1977. QUEEN VICTORIA'S JUBILEES Joanna Richardson. During the two Victorian Jubilees Britain enjoyed an Imperial grandeur which was displayed in the Queen's celebrations. ROYAL REVIEWS AT SPITHEAD Geoffrey Bennett. The deep water channel that leads into Portsmouth Dockyard has been the scene of naval reviews by many monarchs since Henry VIII. NOW ON SALE 50p

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FT SHARE INFORMATION SERVICE

INDUSTRIALS

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yield. Includes sub-sections for 'Shorts' (Gives up to Five Years) and 'Five to Fifteen Years'.

INTERNATIONAL BANK

Table of International Bank shares with columns for Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN FUNDS

Table of Commonwealth & African Funds with columns for Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American shares with columns for Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian shares with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY - Continued

Table of Building Industry shares with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES - Continued

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yield.

ENGINEERING - Continued

Table of Engineering shares with columns for Stock, Price, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for Stock, Price, Div, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio shares with columns for Stock, Price, Div, and Yield.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools shares with columns for Stock, Price, Div, and Yield.

HIRE PURCHASE, ETC.

Table of Hire Purchase, Etc. shares with columns for Stock, Price, Div, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV shares with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. shares with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads shares with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Stock, Price, Div, and Yield.

Main table of Industrial shares with columns for Stock, Price, Div, and Yield. Includes various company names and their financial data.

Handwritten text: 'LONDON 1955'



INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo American, Anglo Coal, Anglo Petroleum, Anglo Textiles, Anglo Transport, Anglo Finance, Anglo Land, Anglo Property, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Real Estate, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like BHP, Anglo Motors, Anglo Aircraft, Anglo Transport, Anglo Finance, Anglo Land, Anglo Property, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Real Estate, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

PROPERTY—Continued

Table of property stocks including companies like Anglo Property, Anglo Real Estate, Anglo Finance, Anglo Land, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

TRUSTS—Continued

Table of trusts including Anglo Trusts, Anglo Finance, Anglo Land, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Real Estate, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

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TRUSTS—Continued

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TRUSTS—Continued

Table of trusts including Anglo Trusts, Anglo Finance, Anglo Land, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Real Estate, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

TRUSTS—Continued

Table of trusts including Anglo Trusts, Anglo Finance, Anglo Land, Anglo Insurance, Anglo Services, Anglo Utilities, Anglo Chemicals, Anglo Electronics, Anglo Telecommunications, Anglo Media, Anglo Entertainment, Anglo Education, Anglo Healthcare, Anglo Pharmaceuticals, Anglo Biotechnology, Anglo Aerospace, Anglo Defense, Anglo Energy, Anglo Environmental, Anglo Construction, Anglo Real Estate, Anglo Retail, Anglo Food, Anglo Beverage, Anglo Consumer Goods, Anglo Financial Services, Anglo Insurance Services, Anglo Investment Services, Anglo Consulting Services, Anglo Professional Services, Anglo Public Services, Anglo Government Services, Anglo International Services, Anglo Miscellaneous.

International Finance DAIWA SECURITIES

MINES—Continued table listing various mining companies and their stock prices.

AUSTRALIAN table listing Australian stocks and their prices.

TINS table listing tin-related stocks and their prices.

COPPER table listing copper-related stocks and their prices.

MISCELLANEOUS table listing various miscellaneous stocks and their prices.

NOTES section providing additional information and commentary on the market.

TEAS table listing tea-related stocks and their prices.

INDIA AND BANGLADESH table listing stocks from India and Bangladesh.

AFRICA table listing African stocks and their prices.

CENTRAL RAND table listing Central Rand stocks and their prices.

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MOTORS, AIRCRAFT TRADES table listing motor and aircraft trade stocks and their prices.

INDUSTRIALS table listing industrial stocks and their prices.



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British initiative on joint airliner

BY DAVID CURRY

PARIS, May 31.

THE NEWLY-FORMED British Aerospace Corporation has taken the initiative in proposing a joint venture with the French and German aviation industries to build an airliner offering 130-180 seats.

The aircraft (provisionally known as the X-11) would be based on the existing BAC One-11, stretched and equipped with two of the CFM56 turbo engines developed jointly by Snecma of France and General Electric of the U.S.

It is being offered as a low-cost project based on proven technology as an alternative to embarking on a completely new project such as the plan put forward by the French nationalised company Aerospatiale for a twin-engine A200 aircraft in two versions, one for 120 passengers and one for 160 passengers.

However, Lord Beswick, chairman of the State-owned corporation, who announced the initiative at the Financial Times World Aerospace Conference here today, said that both the X-11 and the A200 schemes (the development of which would be subject to "thorough evaluation")

At the same time, he confirmed that the U.K. was studying "the policy to pursue in meeting the 1990 requirements" of the reference to the proposed B-10 version of the European Airbus which has been conceived around Rolls-Royce RB-211 engines.

British Aerospace has an interest in the Airbus programme through Hawker-Siddeley, which manufactures the wings for the present B4 version, but whose role in the B-10 version, which would need a redesigned wing, has been compromised at least in French eyes by the lack of a British stake in the capital of pre-dominantly Franco-German Airbus Industrie which makes the Airbus.

Lord Beswick also noted, however, that collaboration with the U.S. and other countries remained a "real option" in forming programme strategy.

Referring to the X-11 project, which BAC has been discussing with airlines before today's endorsement by the nationalised company, Lord Beswick said that the potential market for such an aircraft was "very large" and more than two-thirds of it would be outside the U.S.

Encouraging "We all know that inflation favours an advanced derivative and this project would be a relatively low-cost venture," he commented.

The X-11 has so far provoked a reserved response from the British Government. However, it is understood that if the makers can provide sufficient evidence of likely commercial success, it would examine the case for support favourably.

Conference report Page 10

BP merger with Century oils stopped

BY CHRISTOPHER DUNN

THE proposed merger between British Petroleum and Century Oil, the U.K.'s largest independent specialist producer of lubricants, is not to be allowed to go ahead.

This was announced yesterday by Mr. John Fraser, Minister of State for Prices and Consumer Protection, who has published the results of a six-month investigation into the merger by the Monopolies Commission.

The report concluded that the deal would be against the public interest.

Last night BP said it was "disappointed" with the Commission's findings. Century Oil said that it was "highly relieved".

BP had intended to combine Century with another lubricant company it had acquired in 1976, under the name of Century Oil Refining and Marketing, into a single autonomous company, trading at arm's length with BP.

The Commission, in its report, gave four major reasons why the merger could have adverse effects. It found that:

1-Century might be restricted in its development of refining capacity, and this could delay the expansion of facilities to reclaim base oil from used products, desirable because of its environmental and energy conservation advantages.

2-Price competition might diminish in certain categories where Century and Duxham products overlapped.

3-Customer-oriented research and service to individual customers might decline. Century argued that this research would suffer if it merged with a larger group mainly interested in large volume sales.

4-There was an extraordinary dividend of £55,000. The dividend is lifted from 2.1775p to 2.3952p with a net final of 1.8953p per 10p share, paid from stated earnings of 12.50p against a profit retained was up from £465,418 to £830,621.

Details, Page 10

High gearing at Reed

THE LEX COLUMN

Index rose 1.0 to 448.5

Period rates in the money market continued to harden yesterday and the coupon on the weekly issue of local authority yearling bonds rose by 4 of a point - its sharpest jump since last November.

The main independent specialist producer of lubricants in the U.K. would disappear. The Commission argued as a general principle that separate companies, varying in size and specialisation, would best maintain competition and efficiency in this market.

BP made its formal offer for Century last November, bidding 50p in cash for each ordinary share and 60p in cash for each 11 Preference share.

BP's subsidiary, Duxham, was very strong in the retail lubricant market, of which it controlled about 18 per cent, while Century's strength lay in the higher technology industrial lubricant side, where it accounted for 11 per cent of the market.

BP Oil, the BP group's U.K. refining and marketing subsidiary, accounted for 8 and 6 per cent of the two markets respectively.

BP share price fell 3p yesterday, closing at 918p, while Century Oil market quotation was down 1p at 58p.

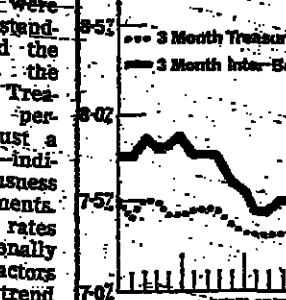
Century Oil's yesterday announced pre-tax profit for the year ended March 31, 1977, of £1.3m, against £0.8m, after ordinary charges of £0.61m, compared with £1.2m. Turnover was ahead by £3.5m, to 17.5m.

Tax took £207,600 against £165,519, and the directors state that this was calculated to eliminate deferred tax in accordance with ED 19.

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Details, Page 10

U.K. MONEY MARKET RATES



The problem is that despite the recovery Reed is still not producing the sort of profits required by this level of borrowing - the pre-interest return on capital last year was only about 13 per cent.

The group concedes that reducing this gearing is a matter of prime importance. The acquisition tap has been turned off, and working capital ratios are apparently improving.

How, further equity issues and asset disposals must be a possibility over the medium term, which is why the shares yield 94 per cent at 213p.

Reed International A strong performance in the U.K. has offset problems in Canada and some sizeable redundancy costs on the Continent to leave Reed International's fourth quarter profits a little ahead of the third quarter total at £20.3m. Pre-tax profits for the year, as a whole are up from £37.4m to £74.6m.

The momentum in the U.K. has come from paper and packaging, where operating profits have doubled to around £22m, and from publishing and printing - also roughly doubled to about £20m, thanks mainly to better margins in magazines and books after a couple of very lean years.

On top of depressed conditions in pulp and paper, Reed says it is also having to cope with a number of self-inflicted injuries which are the result of over-expansion in past years, in furniture and packaging for instance.

The rest of the group is continuing to improve, and a profits rise of a fifth or more seems feasible in the current year. But there are still some big questions, marks hanging over the balance sheet. Debt rose by £94m, over the year, of which just over two-fifths was the result of currency movements, and despite the £36m rights issue the ratio of borrowings to tangible shareholders' funds has actually risen a little to something approaching two to one.

Prudential Prudential Assurance's inflows were buoyant last year and the group's net investment in the U.K. jumped over £100m, to £259m. Like most other major insurance offices it continued to concentrate heavily on the gilt-edged market, which absorbed £149m, against £96m in 1976, while property investment, a little surprisingly, more than maintained the recent high levels at £74m. That left equities a long way behind at £31m, but showing an advance on 1976 and 1974. In fact, over the last three years the Pru has bought under £20m, net of equities while investing a total of over £450m. In 1976, moreover, most of the equity purchases were outside the company's own ordinary branch funds, and reflecting the highly successful multi-linked business of the Vanbrugh subsidiary.

The overall portfolio distribution has not changed much, equities accounting for 37 per cent, of ordinary branch investments against 39 per cent at the end of 1976. According to the Pru, the Government has been offering yields at "particularly attractive" levels, but it sees no evidence that well run and profitable companies have been unable to raise money. The Pru itself, of course, had a rights issue in 1975 and made a bid for Standard Trust in April designed to add 10 points to its 38 per cent solvency margin on general business.

Commercial Union Although Commercial Union is maintaining a lofty silence about the "differences of policy" which have led to the resignation of its chief general manager, Mr. Gordon Dunlop, it is clear that short-term policy has not been the question at issue. The profit recovery is continuing in line with the published last quarter figures, and there is nothing specific on the cards extra capital to the life - like, say, a rights issue - company. This business is unlikely to produce a worthwhile return for some time to come for all composite insurance - its dividend to the parent last year was just £75,000 - and it is no longer being consolidated in the group figures.

Until its recent trauma, CU had been expanding very vigorously, and Mr. Dunlop was closely associated with that problem has been contained. It policy.

Having come through the U.K. property crisis pretty well unscathed, Hill Samuel has been tripped-up by the property slump in South Africa. Its share of the local subsidiary's profits has fallen by over £400,000, largely as a result of provisions against 12 advances to Glen Aml, which has been placed into liquidation.

This is one of the main reasons for the group's uninspiring performance in 1976-77 - a decline in disclosed profits of £9.98m, to £8.71m, after tax. In investment profits, Mr. Gordon Dunlop, it is clear that short-term policy has not been the question at issue. The profit recovery is continuing in line with the published last quarter figures, and there is nothing specific on the cards extra capital to the life - like, say, a rights issue - company. This business is unlikely to produce a worthwhile return for some time to come for all composite insurance - its dividend to the parent last year was just £75,000 - and it is no longer being consolidated in the group figures.

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BNOC plans to spend £420m. on offshore development

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL Oil Corporation plans to spend at least £420m. on offshore oil and gas development in the next few years. Much of this is likely to be met by a loan of about £400m, being negotiated with a group of U.K. and U.S. banks.

The Corporation's annual report and accounts, published yesterday, show that the State undertaking still has a large fund of Government money to call on.

Its expenditure last year was £396m, mostly raised from the National Loans Fund. This still leaves more than £500m. of Government loans available to BNOC, which has a borrowing limit of £900m.

The Corporation wants outside finance, without Government guarantees. The first, it seeks credibility in the oil industry by demonstrating that it can raise cash on the strength of its own balance sheet. Net assets are worth some £366m.

Second, it feels that bank loans will be a cheaper method of financing than the Loans Fund, where interest rates of over 14 per cent. were being charged in the second half of last year. The "breakthrough banking deal" is expected to be completed this month.

In its first year of operation the Corporation made an operating profit of £7.6m. After interest charges and taxation, the net deficit was £1.3m. Lord Kearton, the chairman and chief executive, said yesterday that the Corporation would be profitable by 1978-80.

"We will be an attractive feature of State Corporations," said the Minister. "By then the Ninian, Thistle and Dunlin Fields, in which BNOC has a major stake, should be producing large quantities of oil. Last year it received £23m. from its half-share in Viking gas field projects."

But he warned that Britain must urgently develop new energy sources to replace North Sea oil and gas. "Britain is the only large industrialised country in the world with a prospect of self-sufficiency in energy supplies in the immediate future, with North Sea oil and gas capable of playing a significant part until the end of the century and beyond."

But these oil and gas deposits are finite - and not yet fully determined - and must be regarded as giving us a breathing space. For Britain, as for other industrialised countries, there is an urgent need to develop energy sources to provide for the requirements of the 21st Century."

BNOC is investigating the possibilities of using oil and heavy gases in refineries and chemical plants. Though it has no immediate plans to be involved in such projects, the Corporation employs more than 420 staff. Lord Kearton said he had already warned of a number of oil companies who had used newly-recruited BNOC staff.

Lord Kearton emerges as one of the highest paid chairmen in the State-owned sector, at least on paper. The report shows that last year he elected not to take emoluments of £28,350, a figure fixed to safeguard his pension rights.

Executives' unpaid overtime worth £3,000 a year

BY NICHOLAS LESLIE

MANY COMPANY executives are putting in about £3,000 worth of unpaid overtime each year, according to a survey published yesterday.

But in spite of this apparent willingness to prolong their working day, economic pressures created by inflation, high taxation and pay restraint have made half of them less willing to seek promotion now than they were five years ago.

Their enthusiasm for advancement has been dampened by the more permanent pay restraint. More than half of the respondents to the survey said that accepting that some form of pay restraint is still desirable - they would like to see a performance-related pay deal for those earning £20,000-a-year and more by way of no-limit increases linked to productivity or profitability.

Most reckon that they could increase company profits by 8-10 per cent.

Unusual The findings of the survey are drawn from the replies of 366 middle and senior managers in 117 privately-owned service and manufacturing companies. All those included in the report, a copy of which has been sent to Mr. Denis Healey Chancellor of the Exchequer, earn more than £8,000 a year. The mean salary of those surveyed is £12,600. The mean age was 48.

An unusual aspect of the survey is that, instead of using a large number of mailing shots and relying on an average response of 35 to 40 per cent, as is often the case, questionnaires were placed among executives of the 17 companies in an effort to ensure a balanced mix of executive jobs. The 506 replies represented 84 per cent of 600 polled.

Performance-related pay increases are most favoured by the younger executives, with 60 per cent of those under 33 looking for this type of pay deal.

Only 5 per cent of respondents thought their present remuneration was "definitely adequate", while 67 per cent thought it was "definitely inadequate". The rest thought the pay was "just about adequate".

In contrast, their views on remuneration levels five years ago ranged from 5 per cent "definitely adequate" to 15 per cent "definitely inadequate" and 79 per cent "just about adequate".

The principal reasons for feeling that pay was not adequate were "pay scale unrealistic," 61 per cent, "taxation" 28 per cent, and "inflation" 11 per cent.

Weather

U.K. TO-DAY DRY, with sunny periods. London, E. S.E. England, E. Anglia

Dry. Sunny periods developing. Wind N.E., moderate to fresh. Max 18C (65F).

S.W. Cent. & S. England, Channel Isles. Dry. Sunny periods. Wind E., moderate to fresh. Max. 17C (63F).

Midlands, Cent. N., N.E., N.W. England, Isle of Man. Dry. Sunny periods. Wind light, variable. Max. 15-17C (59-63F).

Borders, Edinburgh, Dundee, Aberdeen, N.E., N.W., S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll. Dry. Sunny periods. Wind light, variable. Max. 16C (61F).

Northern Ireland. Dry. Sunny periods. Wind S., light. Max. 17C (63F).

Outlook: Dry. Sunny spells, becoming warmer. Rather similar to last week, but with more rain, mostly later in month.

Business Centres

PENSIONS - the next step

A general guide to the Social Security Pensions Act 1975

The Emeritus Fund, Growth Pension Fund, Pension & other Benefits for Executives

A decision must be made

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Douglas W. Scott, Manager Group Sales & Services Department, Crusader Insurance Co. Ltd., Vincula House, Tower Place, London EC3P 3BE.

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